Western Riverside Council of Governments
Planning Directors Committee

AGENDA

Thursday, March 8, 2018
9:00 a.m.

Western Riverside Council of Governments
Citrus Tower
3390 University Avenue, Suite 450
Riverside, CA 92501

Please Note Meeting Location

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Planning Directors Committee meeting, please contact WRCOG at (951) 405-6751. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

The Planning Directors Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Patty Nevins, Chair)

2. SELF INTRODUCTIONS

3. PUBLIC COMMENTS

At this time members of the public can address the Planning Directors Committee regarding any items with the subject matter jurisdiction of the Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

4. MINUTES

A. Summary Minutes from the January 11, 2018, Planning Directors Committee Meeting are Available for Consideration. **P. 1**

<u>Requested Action</u>: *1. Approve Summary Minutes from the January 11, 2018, Planning Directors Committee meeting.*

5. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. WRCOG Committees and Agency Activities Update — ***Andrea Howard*** — **P. 5**

Requested Action: *1. Receive and file.*

6. REPORTS / DISCUSSION

A. Affordable Housing Package Follow-up — ***Alexa Washburn, National Community Renaissance*** — **P. 11**

***Requested Action*:** *1. Receive and file.*

B. Regional Housing Element — ***Alexa Washburn, National Community Renaissance*** — **P. 27**

***Requested Action*:** *1. Receive and file.*

C. Assistance to Local Jurisdictions on SCAG RTP/SCS Data Review — ***Christopher Gray, WRCOG*** — **P. 29**

***Requested Action*:** *1. Discuss and provide input.*

D. Experience Regional Innovation Center Feasibility Analysis Update — ***Andrea Howard, WRCOG*** — **P. 37**

***Requested Action*:** *1. Receive and file.*

7. ITEMS FOR FUTURE AGENDAS — *Members*

Members are invited to suggest additional items to be brought forward for discussion at future Planning Directors Committee meetings.

8. GENERAL ANNOUNCEMENTS — *Members*

Members are invited to announce items/activities which may be of general interest to the Planning Directors Committee.

9. NEXT MEETING:

The next Planning Directors Committee meeting is scheduled for Thursday, April 12, 2018, at 9:00 a.m. at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

10. ADJOURNMENT

1. CALL TO ORDER

The meeting of the Planning Directors Committee (PDC) was called to order at 9:02 a.m. by Chair Patty Nevins at WRCOG's Office, Citrus Conference Room.

2. SELF INTRODUCTIONS

Members present:

Patty Nevins, City of Banning
Rebecca Deming, City of Beaumont
Mark DeManincor, City of Calimesa & City of Canyon Lake
Joanne Coletta, City of Corona
Deanna Elliano, City of Hemet
Mary Wright, City of Jurupa Valley
Richard MacHott, City of Lake Elsinore
Cheryl Kitzerow, City of Menifee
Rick Sandzimier, City of Moreno Valley
Cynthia Kinser, City of Murrieta
Steve King, City of Norco
Matt Bassi, City of Wildomar
Keith Gardner, County of Riverside
Dan Fairbanks, March Joint Powers Authority
Kristin Warsinski, Riverside Transit Agency

Staff present:

Alexa Washburn, Consultant
Andrea Howard, Senior Analyst
Cynthia Mejia, Staff Analyst
Suzy Nelson, Administrative Assistant

Guests present:

Mark Teague, PlaceWorks
Christina Bartscher, City of Riverside
David Murrey, City of Riverside

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR - (Menifee / Lake Elsinore) 16 yes; 0 no; 0 abstentions. Items 4.A and 4.B were approved by a unanimous vote of those members present. The Cities of Eastvale, Perris, San Jacinto, Temecula, and Riverside, and the Morongo Band of Mission Indians were not present.

A. Summary Minutes from the December 14, 2017, Planning Directors Committee Meeting are Available for Consideration.

Action: *1. Approved the Summary Minutes from the December 14, 2017, Planning Directors Committee meeting.*

B. WRCOG Committees and Agency Activities Update

Action: *1. Received and filed.*

5. REPORTS / DISCUSSION

A. Affordable Housing Package Overview

Alexa Washburn provided insights on 15 different bills that Governor Brown signed into law to help increase the supply and affordability of housing in California, collectively referred to as the Affordable Housing Package. Included in these bills were stipulations that would require careful monitoring by all of WRCOG's member jurisdictions.

Ms. Washburn shared that three bills, Senate Bill (SB) 2 (Building Homes and Jobs Act), SB 3 (Veterans and Affordable Housing Bond Act), and Assembly Bill (AB) 571 (Farmworker Housing Assistance Tax) were tooled to directly finance affordable housing production. Ms. Washburn summarized each bill to help members understand their distinct purposes.

Three other bills, SB 35 (Housing Accountability and Affordability Act), SB 540 (Workforce Housing Opportunity Zone), and AB 73 (Housing Sustainability Districts Act) will facilitate private-market housing production by streamlining the local review process.

SB 35 stipulates that jurisdictions not meeting their Regional Housing Needs Assessment (RHNA) production goals must provide a streamlined review process upon request to all developers. The caveat to this is that developers would then be required to pay prevailing wage and would only apply to multi-family infill projects of two or more units.

Both SB 540 and AB 73 are voluntary programs. SB 540 must allow at least 100 units to a maximum of 1,500 units, as well as requires a minimum of 50% of total housing units to be affordable or below moderate income. AB 73 only requires a minimum of 20% of units to be affordable and it may include entire RHNA and development projects must use prevailing wage.

Four additional bills geared toward increasing local accountability for accommodating RHNA target progress include AB 72, AB 1397, AB 879 and SB 166. AB 879 requires a recent study to evaluate the reasonableness of local fees charged to new developments. This study must include findings and recommendations to substantially reduce fees for residential development. Jurisdictions could use SB 2 money for this study. Additionally, these bills require more robust reporting to track progress towards RHNA goals.

Committee member Sandzimier asked for a definition of "recent" regarding studying the reasonableness of fees.

Ms. Washburn stated that she would look into that and get back to the committee.

Of those four bills, SB 166 will be the most cumbersome to comply with. SB 166 (No Net Loss) requires a city or county to identify additional low-income housing sites in their housing element when market-rate housing is developed on a site that is currently identified for low-income housing. Cities that allow development on housing element sites at reduced densities must identify and make available additional adequate sites within 180 days. These sites must meet the unmet RHNA need by income category.

Committee member Cynthia Kinser asked if this is in affect as of January 1, 2018.

Ms. Washburn replied that it was.

Ms. Washburn provided a few recommendations to help mitigate the impact of the Housing Package. Each jurisdiction needs to practice careful recordkeeping and understanding of their current RHNA attainment by both staff and decision makers as land use applications are processed.

Ms. Washburn recommended including additional units in excess of the minimum RHNA requirements to plans, otherwise jurisdictions will be subject to updating housing elements any time a change results in a reduction in planned housing units. Jurisdictions need to be prepared to identify and explain, in writing, inconsistencies with local requirements in order to avoid defaulting to a "deemed consistent" finding. Every jurisdictions needs to plan ahead and develop a pipeline of plans, programs, and projects to fund.

The Department of Housing and Community Development is currently preparing a number of guidelines for most of these bills; there is not a committed date of when these guidelines will be available.

Action: *1. Received and filed.*

B. TUMF Program Member Agency Development Agreement Review

Daniel Ramirez-Cornejo reported that utilizing the bench of on-call planning service consultants, WRCOG retained PlaceWorks to assist with the review of Development Agreements executed between developers and member agencies.

Prior to the Transportation Uniform Mitigation Fee (TUMF) Program, developers entered into Agreements with member agencies that protected developments from regional impact fees. The goal of this review is to identify if any Development Agreements which provide for TUMF exemptions continue to exist under the initial life of the Agreement. Agreements such as this were prohibited following the enactment of TUMF in 2003. The PlaceWorks review will complement a staff review of Development Agreements that began in 2010. Staff will monitor Development Agreements with upcoming expiration dates to ensure that TUMF is imposed once an Agreement expires or is extended.

Mr. Ramirez-Cornejo concluded that PlaceWorks will compile reports of all data in February 2018, and present the findings in March 2018.

Action: *1. Received and filed.*

C. Cannabis Regulatory Updates

Cynthia Mejia shared a brief legislative background on the cannabis industry and existing regulatory framework. Ms. Mejia discussed the regulations under the two pieces of legislation that led to the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) of 2017. Ms. Mejia also broke down the legislative requirements for businesses in the State of California and identified the regulatory agencies tasked with overseeing cannabis activity at the State effective January 1, 2018. Ms. Mejia then explained the challenges and opportunities that local jurisdictions currently have in an effort to either regulate, allow, or ban cannabis activity in California.

After a brief regulatory overview, Ms. Mejia reviewed a summary overview of each member jurisdictions' policy stance to-date on medical and recreational cannabis, which was included as an attachment to the staff report. Ms. Mejia welcomed feedback from each Committee member as to whether they have experienced specific challenges in their jurisdiction with whatever policy decision their council has adopted. As part of the discussion, a few members pointed out changes in their jurisdictions that were not reflected in the listed attachment. Some of the changes included zoning regulations in the City of Lake Elsinore on cannabis delivery services for the M1 and M2 zones in which a negotiated annual fee would be applied.

Committee member Joanne Coletta also suggested that staff consider presenting an item to the Finance Directors Committee analyzing potential fiscal impacts of the cannabis industry on local cities.

Action: *1. Received and filed.*

6. ITEMS FOR FUTURE AGENDAS

Jennifer Ward introduced and explained the topic of Big Data. The Public Works Committee has already heard from Big Data experts on how it can be applied to transportation and planning. The Planning Directors Committee expressed interest in such a presentation for future agendas.

7. GENERAL ANNOUNCEMENTS

WRCOG and Moreno Valley are hosting a Transportation Summit on January 17, 2018, at the Moreno Valley Conference and Recreation Center. Registration is free to Clean Cities members.

8. NEXT MEETING: The next Planning Directors Committee meeting is scheduled for Thursday, April 12, 2018, at 9:00 a.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

9. ADJOURNMENT: The meeting of the Planning Directors Committee adjourned at 10:54 a.m.

Item 5.A

Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **WRCOG Committees and Agency Activities Update**

Contact: **Andrea Howard, Senior Analyst, ahoward@wrcog.us, (951) 405-6751**

Date: **March 8, 2018**

***The purpose of this item** is to update the Committee on noteworthy actions and discussions held in WRCOG's recent standing Committee meetings.*

Requested Action:

1. Receive and file.

Executive Committee

Following is summary of key items discussed at the February 5, 2018, Executive Committee meeting.

PACE Programs Update:

- The Executive Committee approved two new jurisdictions into the California HERO Program: Milpitas and Truckee, bringing the total number of participants to 392 (WRCOG and California HERO Programs).
- WRCOG updated its Consumer Protection Policies, to which all programs under the WRCOG PACE Umbrella must adhere, to incorporate additional protections for property owners who use PACE financing including: aligning the right to cancel with recently passed legislation, emphasizing enforcement of prohibited marketing practices by contractors, adding income based underwriting criteria, and prohibiting the compensation of contractors beyond the cost of a home improvement contract.

Update from the Riverside County Fair Housing Council:

- Rose Mayes, Riverside County Fair Housing Council Executive Director, provided an overview on the activities her organization oversees, including a focus on the Mission Heritage Plaza affordable housing project, which is a $35 million mixed use project in Riverside that will house the Council's office along with 72 residential units, a Civil Rights Institute, Diversity Center, and plaza.

TUMF Update – Ad Hoc Committee recommendations:

- The Committee approved recommendations from the TUMF Ad Hoc Committee that has been meeting since April 2017.
- The Committee supported the following Ad Hoc recommendations, and acknowledged that any substantive changes to the TUMF Network criteria and Nexus Study process will return to the Committee in future meetings for further review and consideration:
  - Maintain the current administration and management structure of the TUMF Program.
  - Maintain the current structure of the TUMF Zone process.
  - Have the Public Works Committee review the TUMF Network criteria and project type for future Nexus Study updates to address the following areas:

    - Expanding the types of projects that can be funded by TUMF, including active transportation projects.
    - Formalizing a process for each TUMF Zone to prioritize projects within the Zone.
    - Updating the criteria that is used to determine how projects are added to the Program through the Nexus Study update.

League of Cities Update:

- Erin Sasse provided updates on several bills including two which the League recommends local jurisdictions oppose: SB 827 (Wiener) – Planning and zoning: transit-rich housing bonus; and SB 623 (Monning) – Water quality: Safe and Affordable Drinking Water Fund.
- The League released a report, Retirement System Sustainability Study and Findings, that confirms pension costs for cities are approaching unsustainable levels, and cities need more tools and options to ensure they are able to retain and attract public sector employees and continue to deliver high quality municipal services to residents.
- The next League of California Cities – Riverside Division dinner will be held on Monday, March 12 in Canyon Lake.

Administration & Finance Committee (A&F)

Following is a summary of major items discussed at the February 14, 2018, A&F meeting.

27th Annual General Assembly & Leadership Address:

- The 2018 General Assembly & Leadership Address is scheduled for Thursday, June 21st at the Morongo Casino, Resort & Spa.
- Steve Forbes has been confirmed as the keynote speaker for the event. Staff will distribute additional information, invitations, and sponsorship information shortly.

PACE Program Fees Update:

- The A&F recommended that the Executive Committee make several changes to WRCOG's PACE Programs to reflect recent legislation and increasing costs of operating PACE programs in California:
    - The first change is related to the HERO Program Master Bond Purchase Agreement between WRCOG and Renovate America (the HERO Program PACE Provider). Currently, the HERO Program receives a 4.99% one-time administrative fee for Program Administration, and a portion (0.075%) of that fee goes to a bond reserve used to cover shortfalls to bond holders that result from property owners not paying their annual PACE assessments. WRCOG's Financial Advisor (Public Financial Management) determined that 0.075% of the one-time fee is not adequate to cover a high volume of delinquencies, so the bond reserve allocation needs to be increased to 0.25%, therefore raising the total one-time administrative fee to 5.17% of the loan.
    - The second change is related to annual administrative fees ($25 per PACE assessment) that cover the costs of placing the assessment onto the tax roll, which is done by WRCOG's HERO Program Partner David Taussig & Associates (DTA). WRCOG's Financial Advisor determined that this $25 annual fee needs to be increased by $15, bringing the total annual fee to $40. $10 of this increase will augment DTA's funding for placing assessments on the tax roll and $5 will augment the Program's Administrative Account to ensure the Program could adequately service existing PACE assessments over the next 25-years, in the event of the Program's dissolution.
    - The third change is related to Senate Bill 2, which became law in September 2017 and imposes fees of up to $225 on real estate transactions. Despite WRCOG's understanding that this bill would not impact PACE related transactions, County Recorders Offices are now interpreting the law's implementation to subject PACE assessments to these new fees. To make up for this increase, WRCOG PACE Program staff recommended increasing the current recording fee (the cost of recording a PACE assessment onto the property tax bill, paid by the homeowner) from $75 per transaction to $150 per transaction. Concurrently, staff will work with other issuers to see if there is interest in pursuing a legislative fix to exempt PACE from the provisions of SB 2.

Renovate America Fiscal Year 2015/2016 Operational Analysis:

- Per WRCOG's PACE Consumer Protection Policies, WRCOG conducted an operational analysis of Renovate America, the HERO Program PACE Provider. Baker Tilly was the firm retained to conduct the analysis.
- There were a total of 114 testing requirements outlined in the Scope of Work, of which 61 were sample-based transaction testing and 53 were based on an evaluation of Renovate America's processes compared to the applicable Consumer Protection Policy. To demonstrate a thorough analysis, 5,274 individual transaction tests were performed across the 61 requirements. The results show that 99%, or 5,223 testing points met the requirements of the applicable Consumer Protection Policy.
    - o Baker Tilly made 7 observations in the transaction testing and 4 observations in the Program Process. It should be noted that during the reporting period, Renovate America made a number of enhancements which included additional scrutiny on contractor participation, enhanced confirmed terms calls with property owners, and ensuring the automated system developed to approve projects is accurate. Due to the changes, many of the observations have been addressed.

Western Community Energy Update:

- Staff provided an update on WRCOG's efforts to launch a Community Choice Aggregation (CCA) program for interested member jurisdictions, called Western Community Energy.
- Recent actions taken by the California Public Utilities Commission (CPUC), which regulates the existing CCAs in California and dictates the process for new CCAs to launch, have enabled Western Community Energy to move forward on schedule. Staff anticipates that CCA services could be available to customers in Western Riverside County by 2019.
- A primary component to consider when creating a CCA is the "exit fee" charged by the existing Investor Owned Utility, in our case Southern California Edison, on new CCA customers to cover Edison's costs of no longer procuring and selling power to many customers – because once a CCA launches, Edison will continue to provide energy transmission services but the CCA itself chooses and purchases its own energy sources.
- This exit fee, technically referred to as the Power Charge Indifference Adjustment (PCIA), has been conservatively factored into all of WRCOG's feasibility analysis for Western Community Energy, and will not impact the CCA's ability to provide competitive, locally-driven power choices for participating communities in Western Riverside County. WRCOG staff is continually working with Edison to determine the most efficient PCIA structure.

Technical Advisory Committee (TAC)

Following is a summary of major items discussed at the January 18, 2018, TAC meeting – the TAC was dark in February.

Western Riverside County Active Transportation Plan (ATP):

- In May 2015, WRCOG received funding from Caltrans to complete a comprehensive update to its regional Active Transportation Program.
- The primary product of the ATP is a list of high priority trails, pathways, and routes for walking and biking that WRCOG member agencies can implement to increase mobility options within the region, along with detailed descriptions of each facility with cost estimates.
- Committee members emphasized the importance of focusing on tangible, implementable actions from the ATP, and WRCOG staff intends to move proposed projects forward and implement components of the regional network.
- WRCOG will continue to assist member agencies in the implementation of the ATP through grant writing assistance for the California Transportation Commission's Active Transportation Program application and the Caltrans Sustainable Transportation Planning Grant.
- The goal of the Western Riverside County ATP is to focus the regional ATP on a subset of high priority, regional projects, of which the Plan enables local jurisdictions to be better positioned to apply for project funding.

Western Riverside Energy Partnership (WREP):

- WREP is WRCOG's partnership with Southern California Edison (SCE) and SoCal Gas to help local governments increase energy efficiency, reduce greenhouse gas emissions, increase renewable energy usage, and improve air quality through improved marketing and outreach.
- During 2017, five WREP member cities progressed to new tiers in the Partnership, unlocking additional savings and rebates.
- WREP's 4th Annual LED Holiday Light Exchange and Energy Efficiency Starter Kit Giveaways, took place at five holiday community events where staff provided over 900 LED holiday lights and over 80 energy efficiency kits, which represents assistance for over 450 households.
- WREP has been ranked as the 6th best energy program out of 166 total programs statewide by the California Public Utilities Commission (CPUC).

Regional Streetlight Program Activities Update:

- Eleven member jurisdictions are confirmed to acquire streetlights from Southern California Edison (SCE).
- WRCOG released an RFQ to solicit suppliers interested in retrofitting jurisdiction-owned streetlights to LED technology, and on January 16, 2018, the RFQ evaluation committee reviewed 11 proposals and determined the most effective products for this transition in the subregion.
- WRCOG also contracted with Siemens to perform retrofitting of the streetlight lamps to LED and to perform ongoing maintenance.

Public Works Committee (PWC)

Following is a summary of major items discussed at the February 8, 2018, PWC meeting.

TUMF Calculation Handbook:

- Staff provided an update on the potential inclusion of a category to the TUMF Calculation Handbook for high-cube fulfillment centers. Staff received a number of requests to review this potential category and the Institute of Transportation Engineers have updated the trip generation manual to include a specific category for fulfillment centers/parcel hubs based on their different trip characteristics.
- The Public Works Committee directed staff to form a sub-committee to review the available data for fulfillment centers/parcel hubs and provide a recommendation for the Public Works Committee to consider.

TUMF Program Communications Review:

- Sarah Brandenberg, Fehr & Peers, provided a presentation on the review of WRCOG's communication strategy for the TUMF Program. The goal of this exercise is to provide member agencies with the necessary information on the TUMF Program to effectively communicate with all stakeholders.
- Staff requested volunteers to participate in interviews regarding WRCOG's existing communications strategy for the TUMF Program. The Cities of Corona, Jurupa Valley, Murrieta, Temecula, and Wildomar volunteered to participate.

Regional Transportation Prioritization Studies:

- Sarah Brandenberg, Fehr & Peers, provided a presentation on an effort conducted by the Los Angeles County Metropolitan Transportation Authority (Metro) to prioritize transportation projects.
- The Los Angeles Mobility Matrix was developed to identify projects that would be funded by the recently approved sale tax measure, Measure M.
- The Los Angeles Mobility Matrix is one of three models staff reviewed for the Public Works Committee to consider for future TUMF Nexus Study updates.
- Staff will hold a workshop in the place of a Public Works Committee meeting in 2018 to review criteria for prioritizing projects in the TUMF Nexus Study and the Zone Transportation Improvement Programs.

Complete Streets Training:

- WRCOG will hold a Complete Streets Training workshop for the Public Works Committee members on March 8, 2018, between 11:00 a.m. and 1:00 p.m. at WRCOG's office (Citrus Tower, 3390 University Avenue, Suite 450, Riverside).
- The training will be tailored to fit the needs of the WRCOG subregion and WRCOG will hold subsequent workshops in the future for agency staff and stakeholders.

GoMentum Station Field Visit:

- WRCOG is planning a field visit to the GoMentum Station, a testing facility for autonomous and connected vehicle technology in Concord, California. The Contra Costa Transportation Authority and its partners use the GoMentum Station as a center for transportation research.
- The field visit is tentatively scheduled for April 20, 2018. WRCOG has secured spots for up to forty members of the WRCOG Committees. If interested in participating in this field visit, please contact Christopher Gray at cgray@wrcog.us.

Finance Directors Committee (FDC)

Following is a summary of major items discussed at the January 25, 2018, FDC meeting.

2nd Quarter Draft Budget Amendment for Fiscal Year 2017/2018:

- Andrew Ruiz, WRCOG Program Manager, reported on the status of the Fiscal Year 2017 / 2018 budget.
- For each line item increased, there is a corresponding decrease in another expenditure and overall, there will be no net increase to the 2nd quarter's budget amendment for FY 17/18.

Pension Rate Stabilization Program:

- Rachael Sanders of Public Agency Retirement Services (PARS) gave an overview of their Pension Rate Stabilization Program.
- Ms. Sanders explained that previously, the only way to reduce your agency's unfunded liability was to send additional contributions to your pension system such as CalPERS.
- There is new alternative to help reduce your pension liability, which is to set up a separate Section 115 trust account which would grow interest and is tax exempt. PARS is able to assist jurisdictions in setting up that Section 115 trust accounts.

Senate Bill (SB) 1 Update:

- Rony Berdugo of the League of California Cities provided an overview of the financial need leading up to the enactment of SB 1 and the projected outcomes.
- California is in need of major road repair due to failing infrastructure and weather conditions. There is $70 billion in unmet funding needs and there will be a $20 billion shortfall of road needs after 10 years.
- Cities will begin to see SB 1 monies trickle in this fiscal year (FY 17/18). Cities will receive full funding beginning next fiscal year (FY 18/19).

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Affordable Housing Package Follow-Up**

Contact: **Alexa Washburn, Vice President of Planning, National Community Renaissance, awashburn@nationalcore.org, (949) 349-7996**

Date: **March 8, 2018**

The purpose of this item is to *provide a deeper look at the 2017 Housing Package, which includes 15 bills aimed at addressing the housing supply and affordability crisis impacting many communities around the state.*

Requested Action:

1. Receive and file.

Background

On September 29, 2017, Governor Brown signed 15 bills into law to help increase the supply and affordability of housing in California. The measures provide funding for affordable housing, reduce regulations, boost construction, and strengthen existing housing laws. On January 11, 2018, Alexa Washburn provided an overview of each bill to the Planning Directors Committee and discussed the implications for local jurisdictions, including on local housing elements. Members present requested that Ms. Washburn return with additional details on each bill and responses to member questions.

Ms. Washburn will provide a presentation to Committee members on the 2018 Guide to New Housing Law in California (Attachment 1). Pages 2 - 4 of the Guide provide background information on the nature and cause of the State's housing crisis. Pages 2 - 12 provide descriptions of the legislative response to the housing shortage.

Prior Action:

January 11, 2018: The Planning Directors Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

1. League of Cities 2018 Guide to New Housing Law in California.

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Item 6.A
Affordable Housing
Package Follow-Up

Attachment 1
League of Cities 2018 Guide to New Housing Law in California

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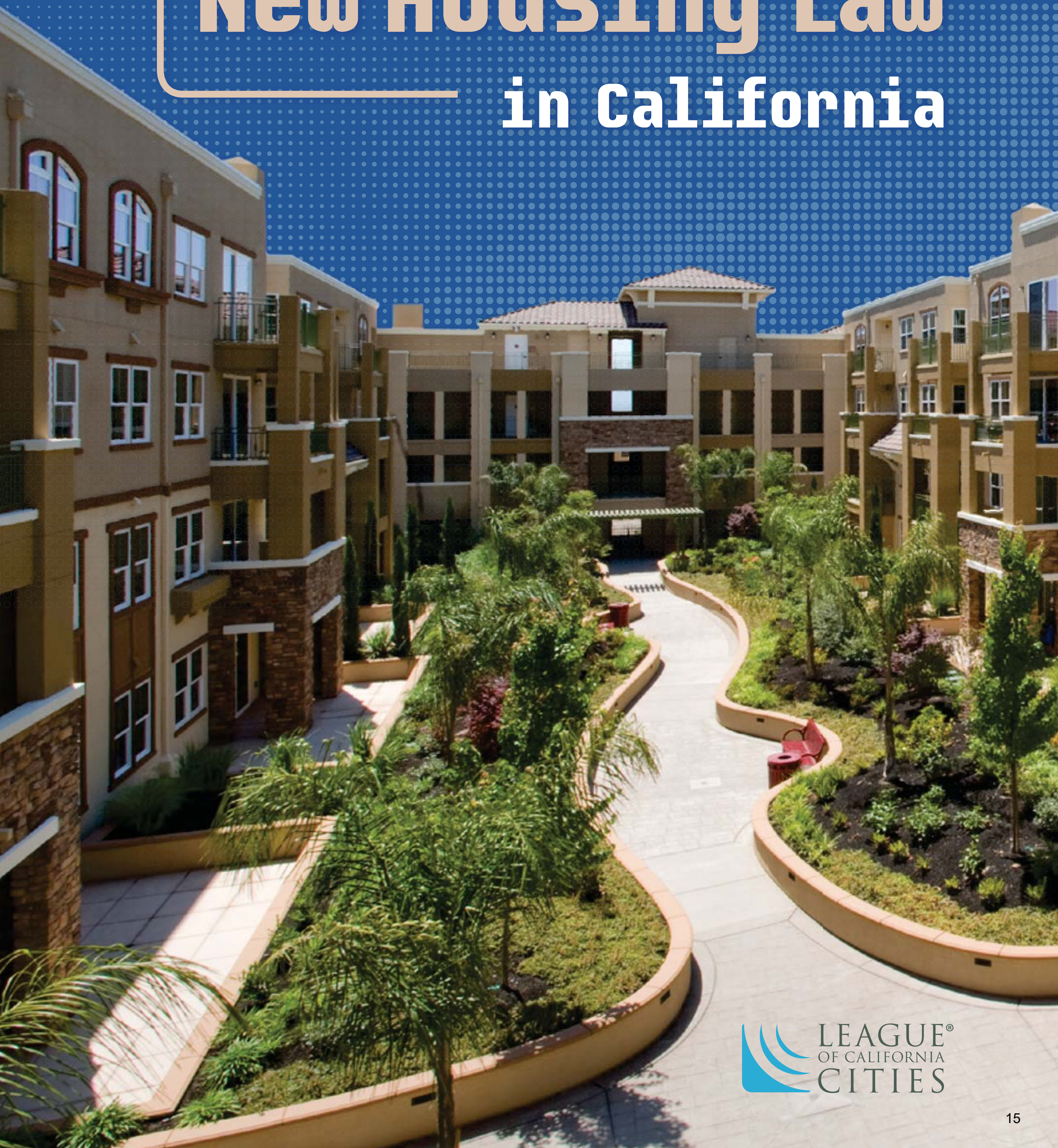
A 2018 GUIDE TO New Housing Law in California



LEAGUE® OF CALIFORNIA CITIES

INTRODUCTION

Housing affordability is an urgent issue in California, where a majority of renters (over 3 million households) pay more than 30 percent of their income toward rent and nearly one-third (over 1.5 million households) spend more than 50 percent of their income on rent. In addition, California's homeownership rates are at the lowest point since the 1940s. This has led many experts in the field to declare the current state of housing supply and affordability a crisis.

In his January 2017 budget proposal, Governor Brown set the tone and parameters for substantive action to address housing supply and affordability issues. He indicated that new and increased funding for housing must be instituted along with regulatory reform that streamlines local project approval processes and imposes more stringent measures of local accountability. These parameters guided legislative action throughout 2017, resulting in a package of bills signed into law.

Gov. Brown and state legislators made significant changes to local land-use processes and approved new sources of revenue for housing construction. Throughout the 2017 legislative session, the League advocated for proposals that preserved local authority while advancing much-needed housing development approvals.

This reference guide covers recent actions taken by the state Legislature to address the housing crisis and provides in-depth analysis and guidance on changes made to state and local land-use law that will affect city processes and functions related to housing development.

PART I. THE CALIFORNIA HOUSING CRISIS

Principal Causes of the Affordable Housing Shortage

Local governments are just one piece of the complex scenario that comprises the housing development process. Cities don't build homes — the private sector does. California's local governments must zone enough land in their General Plans to meet the state's projected housing need; however, cities don't control local market realities or the availability of state and federal funding needed to support the development of affordable housing. This is true not just in California but nationwide.

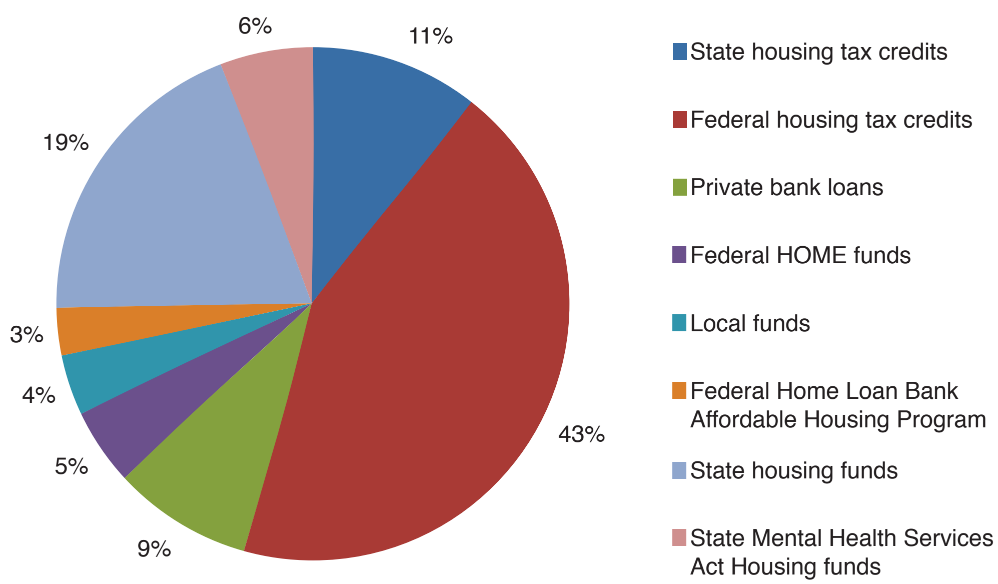
Significant barriers and disincentives constrain the production of affordable housing. These include:

- Lack of funding and subsidies needed to support housing that low- and moderate-income families can afford;
- Local and national economic and job market conditions; and
- Challenges for developers.

Lack of Funding and Subsidies for Affordable Housing

In addition to private sector financing, funding and subsidies to support the development of affordable housing come from two primary sources: federal and state government housing programs.

Sample Funding Mixes for Affordable Multifamily Developments



Source: California Department of Housing and Community Development, California's Housing Future: Challenges and Opportunities

It's extremely rare for a single affordable housing program to provide enough funding to finance an entire development, due to the costs of development and funding constraints and criteria that encourage developers to leverage other funds. The developer will typically apply for funding from multiple programs and private sector lenders that have overlapping policy goals and requirements. Private-sector lenders may also have additional criteria. The process of applying for and securing funding from multiple sources can add significantly to the lead time needed to start construction.

One multifamily development can easily need five to 10 funding sources to finance its construction. Developers generally layer financing from state and federal tax credits, state housing programs, local land donation and other local grants, federal housing programs and private loans from financial institutions. The chart "Sample Funding Mixes for Affordable Multifamily Developments" (below, left) offers an example of funding mixes for affordable multifamily developments.

Federal funding for affordable housing comprises a significant portion of California's resources to support affordable housing. However, due to pressures to cut federal spending and reduce the deficit, federal funding for housing has declined in recent years despite the increase in the number of severely cost-burdened, low-income renter households (which rose from 1.2 million in 2007 to 1.7 million in 2014). Between 2003 and 2015, Community Development Block Grant (CDBG) and HOME funds allocated to California by the U.S. Department of Housing and Urban Development (HUD) to produce affordable housing units have declined by 51 percent and 66 percent respectively (see "HUD Program Allocations to California 2003–2015" below).

Furthermore, few sources of affordable housing funding are stable or growing from year to year despite an increasing population and demand for housing. This funding uncertainty deters both efforts to address housing challenges in a sustained manner and developers' ability to build affordable housing.

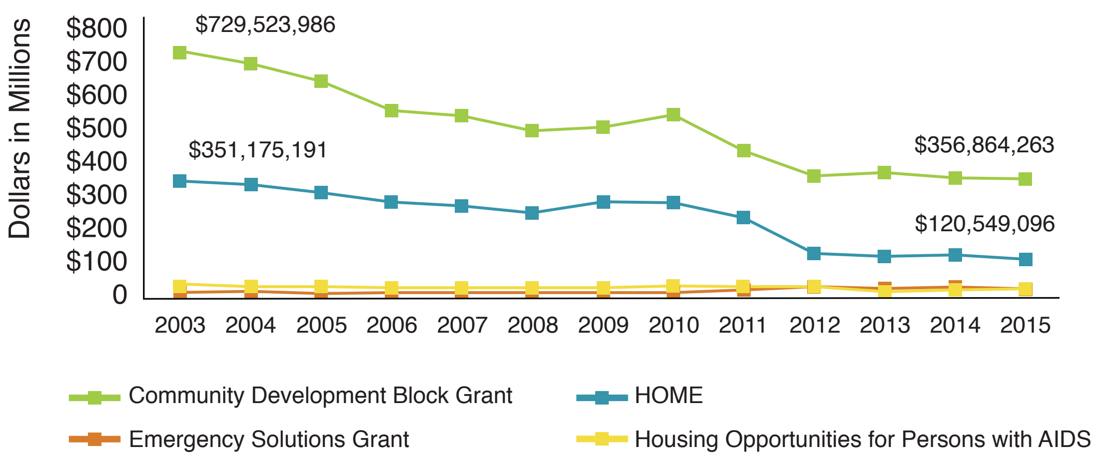
The elimination of redevelopment agencies in California and the subsequent loss of over $5 billion in funding since 2011 compounded the state's affordable housing challenges. The state has never had a significant permanent source of affordable housing funding, and proceeds from the 2006 housing bond that helped create and preserve affordable apartments, urban infill infrastructure and single-family homes have been expended.

Local and National Economic and Job Market Conditions

Numerous factors contribute to local and national market conditions that affect the availability of affordable housing. The economic recovery from the Great Recession, when many middle-income families lost their homes to foreclosures, has occurred at different rates in communities throughout California. Areas with high-tech industry and some coastal areas recovered more rapidly than other regions.

continued

HUD Program Allocations to California 2003–2015
(Adjusted for Inflation)



Source: HUD Formula Program Allocations by State: 2003–2015 and *California Department of Housing and Community Development,* California's Housing Future: Challenges and Opportunities

Overall, the recovery has been uneven. Jobs in manufacturing and blue-collar industries have not fully rebounded, and jobs in the expanding service sector pay lower wages. Many households are still struggling to recover from the recession and home foreclosure crisis, and many recent college graduates are carrying significant debt — reducing their ability to purchase a home or pay rent.

Mortgage underwriting standards became more stringent in the aftermath of the foreclosure crisis, which can make it more difficult for potential homebuyers to qualify for the needed financing.

Some of the state's major homebuilders went out of business during the recession, leaving fewer companies to meet the demand for housing. Production of housing fell dramatically during the recession, which contributed significantly to a shortage of homes across the affordability spectrum. As the chart "Annual Production of Housing Units 2000–2015" (below) shows, housing "starts" statewide are at about half of pre-recession levels and fall far short of the state's projected need for 180,000 new homes per year.

Housing values also reflect the uneven recovery happening throughout the state. *The Wall Street Journal* recently compared home prices today to those of 2004. In San Jose, which is part of Silicon Valley where tech jobs pay top wages, prices are 54 percent higher than 2004 levels, but this is not so in areas hindered by a slower recovery from the recession. In Central Valley cities such as Stockton and Merced, housing prices are 21 and 16 percent lower respectively.

Challenges for Developers

In addition to funding challenges to develop affordable housing, other challenges further exacerbate the obstacles to development, including:

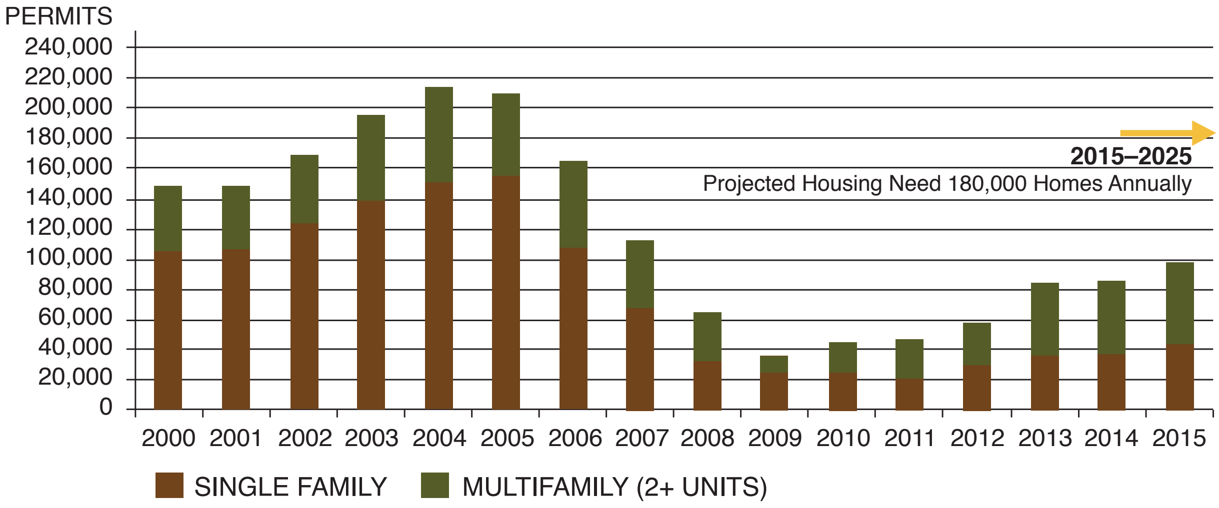
- Identifying an adequate supply of water;
- Complying with state regulations and energy standards, greenhouse gas reduction requirements and other environmental conditions;
- Competing with other developers to build high-end, more expensive housing;
- Infrastructure deficits;
- Market conditions, such as those described earlier; and
- The cost of land and construction.

Other Factors

In addition — but to a far lesser degree — factors at the local level can also impact the development of affordable housing. In some cities, new development requires voter approval. Community concerns about growth, density and preserving the character of an area may affect local development. Public hearings and other processing requirements add time to the approval timeline. Project opponents can use the environmental permitting process and litigation to limit or stop a project. However, the process of complying with the California Environmental Quality Act (CEQA) also serves to protect communities by ensuring that important environmental issues are identified and addressed.

Annual Production of Housing Units 2000-2015

Compared to Projected Statewide Need for Additional Homes



Source: California Department of Housing and Community Development, California's Housing Future: Challenges and Opportunities

PART II. LEGISLATIVE RESPONSE: UNDERSTANDING THE CHANGES TO HOUSING AND LAND-USE LAWS

In an attempt to address some of the barriers to housing construction at the state and local level, lawmakers introduced more than 130 bills during the 2017 legislative session; many focused on constraining local land-use authority or eliminating local discretion. After months of negotiations and public hearings, 15 bills made it into the "housing package" and were signed by Gov. Brown. These bills fall into three main categories: funding, streamlining and local accountability. This section describes the most notable changes made to the state housing laws and identifies items or actions a city may want to consider in moving forward.

Funding Measures

The Legislature passed and Gov. Brown signed into law two key funding measures. The first, SB 2 (Atkins), imposes a new real estate recording fee to fund important affordable housing-related activities on a permanent, ongoing basis, effective Sept. 29, 2017. The second, SB 3 (Beall), places a $4 billion general obligation bond to fund housing on the November 2018 ballot and requires voter approval; if approved, funds likely will not be available until 2019.

SB 2 (Atkins, Chapter 364, Statutes of 2017) Building Homes and Jobs Act is projected to generate hundreds of millions of dollars annually for affordable housing, supportive housing, emergency shelters, transitional housing and other housing needs via a $75 to $225 recording fee on specified real estate documents.

In 2018, 50 percent of the funds collected are earmarked for local governments to update or create General Plans, Community Plans, Specific Plans, sustainable communities strategies and local coastal programs. Funds may also be used to conduct new environmental analyses that improve or expedite local permitting processes. The remaining 50 percent of the funds are allocated to the California Department of Housing and Community Development (HCD) to assist individuals experiencing or in danger of experiencing homelessness.

Beginning in 2019 and for subsequent years, 70 percent of the proceeds are allocated to local governments through the federal CDBG formula, so that the funds may be used to address housing needs at the local level. HCD will allocate the remaining 30 percent as follows: 5 percent for state incentive programs; 10 percent for farmworker housing; and 15 percent for the California Housing Finance Agency to create mixed-income multifamily residential housing for lower- to moderate-income households.

In consultation with stakeholders, HCD will adopt guidelines to implement SB 2 and determine methodologies to distribute funding allocations.

SB 3 (Beall, Chapter 365, Statutes of 2017) Veterans and Affordable Housing Bond Act of 2018 places a $4 billion general obligation bond on the November 2018 ballot to fund affordable housing programs and the veterans homeownership program (CalVet). If approved by voters, SB 3 would fund the following existing programs:

- Multifamily Housing Program — $1.5 billion, administered by HCD, to assist the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower-income households through loans to local public entities and nonprofit and for-profit developers;
- Transit-Oriented Development Implementation Program — $150 million, administered by HCD, to provide low-interest loans for higher-density rental housing developments close to transit stations that include affordable units and as mortgage assistance for homeownership. Grants are also available to cities, counties and transit agencies for infrastructure improvements necessary for the development;
- Infill Incentive Grant Program — $300 million, administered by HCD, to promote infill housing developments by providing financial assistance for infill infrastructure that serves new construction and rehabilitates existing infrastructure to support greater housing density;
- Joe Serna, Jr. Farmworker Housing Grant Fund — $300 million, administered by HCD, to help finance the new construction, rehabilitation and acquisition of owner-occupied and rental housing units for agricultural workers;
- Local Housing Trust Fund Matching Grant Program — $300 million, administered by HCD, to help finance affordable housing by providing matching grants, dollar for dollar, to local housing trusts;
- CalHome Program — $300 million, administered by HCD, to help low- and very low- income households become or remain homeowners by providing grants to local public agencies and nonprofit developers to assist individual first-time homebuyers. It also provides direct loan forgiveness for development projects that include multiple ownership units and provides loans for property acquisition for mutual housing and cooperative developments;
- Self-Help Housing Fund — $150 million, administered by HCD. This program assists low- and moderate-income families with grants to build their homes with their own labor; and
- CalVet Home Loan Program — $1 billion, administered by the California Department of Veterans Affairs, provides loans to eligible veterans at below-market interest rates with few or no down payment requirements.

continued

Streamlining Measures

Gov. Brown made it very clear in the FY 2017–18 annual budget that he would not sign any housing funding bills without also expediting and streamlining the local housing permitting process. Lawmakers were eager to introduce measures to meet his demand. SB 35 (Wiener), SB 540 (Roth) and AB 73 (Chiu) take three different approaches to streamlining the housing approval process.

SB 35 (Wiener, Chapter 366, Statutes of 2017) streamlines multifamily housing project approvals, at the request of a developer, in a city that fails to issue building permits for its share of the regional housing need by income category. In a SB 35 city, approval of a qualifying housing development on qualifying site is a ministerial act, without CEQA review or public hearings.

Which Cities Must Streamline Housing Approvals Under SB 35?

Cities that meet the following criteria must approve qualifying multifamily housing projects that are consistent with objective planning and design review standards:

- The city fails to submit an annual housing element report for two consecutive years prior to the date when a development application is submitted; or
- HCD determines that the city issued fewer building permits than the locality's share of the Regional Housing Needs Allocation (RHNA) in each of the four income categories for that reporting period (the first four years or last four years of the eight-year housing element cycle).

Once eligibility has been determined, the development must be located on a site that:

- Is within a city that includes some portion of either an urbanized area (population 50,000 or more) or urban cluster (population at least 2,500 and less than 50,000);
- Has at least 75 percent of the perimeter adjoining parcels that are developed with urban uses; and
- Is zoned for residential use or residential mixed-use development or has a General Plan designation that allows residential use or a mix of residential and nonresidential uses, with at least two-thirds of the square footage of the development designated for residential use.

As set forth in the measure, "objective standards" involve "no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official."

After determining that the locality is subject to streamlining, development sites are excluded if they are located in any of the following areas:

- Coastal zone;
- Prime farmland or farmland of statewide importance;
- Wetlands;
- Very high or high fire hazard severity zone;
- Delineated earthquake fault zone, unless the development complies with applicable seismic protection building code standards;
- Hazardous waste site, unless the state Department of Toxic Substances Control has cleared the site for residential use or residential mixed uses;
- Floodplain or floodway, unless the development has been issued a floodplain development permit or received a no-rise certification; and
- Lands under conservation easement.

In addition, development sites are excluded if they would demolish:

- A historic structure;
- Any housing occupied by tenants in the past 10 years; or
- Housing that is subject to rent or price control.

To be eligible for streamlining, the housing development must:

- Be on a qualifying site;
- Abide by certain inclusionary requirements (10 percent must be affordable to households earning 80 percent or less of area median income or 50 percent must be affordable to households earning 80 percent or less of area median income, depending upon the city's past approval of above-moderate income and lower-income housing, respectively); and
- Pay prevailing wages and use a "skilled and trained workforce."

Ministerial Approval

If a city determines that development is in conflict with "objective planning standards," then it must provide written documentation within 60 days of submittal if the development contains 150 or fewer housing units and within 90 days of submittal if the development contains more than 150 housing units.

Approvals must be completed within 90 to 180 days (depending on the number of units in housing development), must be ministerial and not subject to CEQA.

No parking requirements can be imposed on an SB 35 housing development project if it is located:

- Within a half-mile of public transit;
- Within an architecturally and historically significant historic district;
- In an area where on-street parking permits are required but not offered to the occupants of the development; or
- Where there is a car-share vehicle located within one block of the development.

One parking space per unit can be required of all other SB 35 projects.

How Long Does the Approval Last?

The approval does not expire if the project includes public investment in housing affordability beyond tax credits where 50 percent of units are affordable to households earning less than 80 percent of area median income (AMI).

If the project does not include 50 percent of units affordable to households earning less than 80 percent of AMI, approval automatically expires in three years except for a one-year extension if significant progress has been made in preparing the development for construction (such as filing a building permit application).

All approvals remain valid for three years and as long as vertical construction has begun and is in progress.

Opportunities and Considerations

Even though SB 35 makes significant changes to existing law, it is important to consider the following:

- All proposed projects seeking streamlining must be consistent with a jurisdiction's objective zoning standards and objective design review standards. If these standards are outdated or in need of revisions, there is opportunity to do so;
- If a jurisdiction does not have "objective zoning standards and objective design review standards," it may want to create them given that discretionary review is prohibited; and
- Funding assistance will be available in mid- to late 2019 under SB 2 (Atkins, Chapter 364, Statutes of 2017) for updating planning documents, including General Plans, Community Plans, Specific Plans, sustainable communities strategies and local coastal programs. HCD is currently establishing funding guidelines.

SB 540 (Roth, Chapter 369, Statutes of 2017) streamlines the housing approval process by allowing jurisdictions to establish Workforce Housing Opportunity Zones (WHOZs), which focus on workforce and affordable housing in areas close to jobs and transit and conform to California's greenhouse gas reduction laws. SB 540's objective is to set the stage for approval of housing developments by conducting all of the necessary planning, environmental review and public input on the front end through the adoption of a detailed Specific Plan. SB 540 provides the development community with certainty that for a five-year period, development consistent with the plan will be approved without further CEQA review or discretionary decision-making.

How Does the Streamlining Process Work?

Jurisdictions that opt in outline an area of contiguous or noncontiguous parcels that were identified in the locality's housing element site inventory. All development that occurs within the WHOZ must be consistent with the Specific Plan for the zone and the adopted sustainable communities strategy (SCS) or an alternative planning strategy (APS). See "About the Sustainable Communities Strategy and Alternative Planning Strategy" below for more information.

continued

About the Sustainable Communities Strategy and Alternative Planning Strategy

Under the Sustainable Communities Act, the California Air Resources Board (ARB) sets regional targets for greenhouse gas emissions reductions from passenger vehicle use. In 2010, ARB established these targets for 2020 and 2035 for each region covered by one of the state's metropolitan planning organizations (MPOs).

Each MPO must prepare a sustainable communities strategy (SCS) as an integral part of its regional transportation plan (RTP). The SCS contains land use, housing and transportation strategies that, if implemented, would allow the region to meet its greenhouse gas emission reduction targets. If the combination of measures in the SCS would not meet the regional targets, the MPO must prepare a separate alternative planning strategy (APS) to meet the targets.

The process for establishing a WHOZ is:

- Prepare and adopt a detailed Specific Plan and environmental impact report (EIR);
- Identify in the Specific Plan uniformly applied mitigation measures for traffic, water quality, natural resource protection, etc.;
- Identify in the Specific Plan uniformly applied development policies such as parking ordinances, grading ordinances, habitat protection, public access and reduction of greenhouse gas emissions;
- Clearly identify design review standards in the Specific Plan; and
- Identify a source of funding for infrastructure and services.

Not more than 50 percent of a jurisdiction's RHNA may be included in a WHOZ that accommodates 100 to 1,500 units.

The Specific Plan and EIR are valid for five years. After five years, the jurisdiction must review the plan and EIR, including conducting the CEQA analysis required in Public Resources Code section 21166, in order to extend the WHOZ for five additional years.

For a development project to receive streamlining within the WHOZ, the project must:

- Be consistent with the SCS;
- Comply with the development standards in the Specific Plan for the WHOZ;
- Comply with the mitigation measures in the Specific Plan for the WHOZ:
- Be consistent with the zonewide affordability requirements — at least 30 percent of the units affordable to moderate or middle-income households, 15 percent of the units affordable to lower-income households and 5 percent of the units affordable for very low-income households. No more than 50 percent of the units may be available to above-moderate-income households;
- Within developments affordable to households of above-moderate income, include 10 percent of units for lower-income households unless local inclusionary ordinance requires a higher percentage; and
- Pay prevailing wages.

If a developer proposes a project that complies with all of the required elements, a jurisdiction must approve the project without further discretionary or CEQA review unless it identifies a physical condition that would have a specific adverse impact on public health or safety.

AB 73 (Chiu, Chapter 371, Statutes of 2017) streamlines the housing approval process by allowing jurisdictions to create a housing sustainability district to complete upfront zoning and environmental review in order to receive incentive payments for development projects that are consistent with the ordinance. AB 73 is similar to SB 540 in concept; however, there are several key differences; for example, in AB 73:

- The housing sustainability district is a type of housing overlay zone, which allows for the ministerial approval of housing that includes 20 percent of units affordable to very low-, low- and moderate-income households;
- The ordinance establishing the housing sustainability district requires HCD approval and must remain in effect for 10 years;
- A Zoning Incentive Payment (unfunded) is available if HCD determines that approval of housing is consistent with the ordinance; and
- Developers must pay prevailing wages and ensure the use of a skilled and trained workforce.

Accountability Measures

The third aspect of the Legislature and the governor's housing package pertains to bills that seek to hold jurisdictions accountable for the lack of housing construction in their communities. While this view fails to acknowledge the many factors that affect housing construction and are beyond the

control of local government, the following measures significantly change existing law.

SB 167 (Skinner, Chapter 368, Statutes of 2017), AB 678 (Bocanegra, Chapter 373, Statutes of 2017), and AB 1515 (Daly, Chapter 378, Statutes of 2017) are three measures that were amended late in the 2017 legislative session to incorporate nearly all of the same changes to the Housing Accountability Act (HAA). The HAA significantly limits the ability of a jurisdiction to deny an affordable or market-rate housing project that is consistent with existing planning and zoning requirements (see "About the Housing Accountability Act" below). These measures amend the HAA as follows:

- Modifies the definition of mixed-use development to apply where at least two-thirds of the square footage is designated for residential use;
- Modifies the findings requirement to deny a housing development project to be supported by a preponderance of the evidence, rather than by substantial evidence in the record;
- Defines "lower density" to mean "any conditions that have the same effect or impact on the ability of the project to provide housing;"
- Requires an applicant to be notified if the jurisdiction considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement or other similar provision. The jurisdiction must provide such notice within 30 days of the application being determined complete for a project with 150 or fewer housing units, and within 60 days for project with more than 150 units. If the jurisdiction fails to provide the required notice, the project is deemed consistent, compliant and in conformity with the applicable plan, program, policy ordinance, standard, requirement or other similar provision: and
- Deems a housing development project "consistent, compliant and in conformity with an applicable plan, program, policy, ordinance, standard, requirement or other similar provision if there is substantial evidence that would allow a reasonable person to conclude that the housing development project is consistent, compliant or in conformity."

SB 167, AB 678 and AB 1515 also provide new remedies for a court to compel a jurisdiction to comply with the HAA:

- If a court finds that a jurisdiction's findings are not supported by a preponderance of the evidence, the court must issue an order compelling compliance within 60 days. The court may issue an order directing the jurisdiction to approve the housing development project if the court finds that the jurisdiction acted in bad faith when it disapproved or conditionally approved the housing development project;
- If a jurisdiction fails to comply with the court order within 60 days, the court must impose fines on the jurisdiction at a minimum of $10,000 per unit in the housing development project on the date the application was deemed complete;
- If a jurisdiction fails to carry out a court order within 60 days, the court may issue further orders including an order to vacate the decision of the jurisdiction and to approve the housing development project as proposed by the applicant at the time the jurisdiction took the action determined to violate the HAA along with any standard conditions; and
- If the court finds that a jurisdiction acted in bad faith when it disapproved or conditionally approved a housing project and failed to carry out the court's order or judgment within 60 days, the court must multiply the $10,000 per-unit fine by a factor of five. "Bad faith includes but is not limited to an action that is frivolous or otherwise entirely without merit."

continued

About the Housing Accountability Act

The Housing Accountability Act states, "The Legislature's intent in enacting this section in 1982 and in expanding its provisions since then was to significantly increase the approval and construction of new housing for all economic segments of California's communities by meaningfully and effectively curbing the capability of local governments to deny, reduce the density of or render infeasible housing development projects. This intent has not been fulfilled."

Other Measures of Importance

In addition to the notable bills described here, Gov. Brown signed several other measures that provide new inclusionary powers to local governments, require additional General Plan reporting, increase housing element requirements and expand HCD's ability to review actions taken at the local level.

AB 1505 (Bloom, Chapter 376, Statutes of 2017) allows a jurisdiction to adopt an ordinance that requires a housing development to include a certain percentage of residential rental units affordable to and occupied by households with incomes that do not exceed limits for households with extremely low, very low, low or moderate income (see "AB 1505 Offers Solution to Palmer Decision" below). Such an ordinance must provide alternative means of compliance such as in-lieu fees, off-site construction, etc.

HCD may review any inclusionary rental housing ordinance adopted after Sept. 15, 2017, as follows:

- If the ordinance requires more than 15 percent to be occupied by households earning 80 percent or less of area median income and the jurisdiction failed to either meet at least 75 percent of its share of its above-moderate income RHNA (prorated based on the length of time within the planning period) or submit a General Plan annual report;
- HCD may request an economic feasibility study with evidence that such an ordinance does not unduly constrain the production of housing; and
- Within 90 days of submission of the economic feasibility study, HCD must decide whether the study meets the section's requirements. If not, the city must limit the ordinance to 15 percent low-income.

AB 1505 Offers Solution to Palmer Decision

The court in *Palmer/Sixth Street Properties L.P. v. City of Los Angeles,* (2009) 175 Cal. App. 4th 1396, invalidated a Los Angeles inclusionary housing requirement contained in a Specific Plan for an area of the city as applied to rental units on the basis that its pricing controls violated the Costa-Hawkins Act, which outlawed traditional rent control in new buildings in California. The court reasoned that the Costa-Hawkins Act pre-empted the application of inclusionary housing ordinances to rental housing. As a result of the decision, many cities with inclusionary housing ordinances suspended or amended their ordinances as applied to rental units; some adopted affordable housing rental impact fees. AB 1505 offers a solution and response to the *Palmer* decision.

AB 879 (Grayson, Chapter 374, Statutes of 2017) expands upon existing law that requires, by April 1 of each year, general law cities to send an annual report to their respective city councils, the state Office of Planning and Research (OPR) and HCD that includes information related to the implementation of the General Plan, including:

- The city's progress in meeting its share of RHNA;
- The city's progress in removing governmental constraints to the maintenance, improvement and development of housing; and
- Actions taken by the city toward completion of the programs identified in its housing element and the status of the city's compliance with the deadlines in its housing element.

Under AB 879, all cities including charter cities must submit an annual report containing the above information. In addition, cities must also provide the following new information in the annual report:

- The number of housing development applications received in the prior year;
- The number of units included in all development applications in the prior year;
- The number of units approved and disapproved in the prior year;
- A listing of sites rezoned to accommodate that portion of the city's RHNA for each income level that could not be accommodated in its housing element inventory and any additional sites identified under the "no net loss" provisions;
- The net number of new units of housing that have been issued a "completed entitlement," building permit or certificate of occupancy thus far in the housing element cycle (identified by the Assessor's Parcel Number) and the income category that each unit of housing satisfied (distinguishing between rental and for-sale units);
- The number of applications submitted under the new processing provided for by Section 65913.4 (enacted by SB 35), the location and number of developments approved pursuant to this new process, the total number of building permits issued pursuant to this new process and total number of units constructed pursuant to this new process; and
- The number of units approved within a Workforce Housing Opportunity Zone.

AB 879 also requires cities to include additional information when they submit their housing element to HCD, including:

- An analysis of governmental constraints that must include local ordinances that "directly impact the cost and supply of residential development"; and
- An analysis of nongovernmental constraints that must include requests to develop housing at densities below those anticipated in site inventory and the length of time between receiving approval for housing development and submittal of an application for building permit. The analysis must also include policies to remove nongovernmental constraints.

AB 1397 (Low, Chapter 375, Statutes of 2017) makes numerous changes to how a jurisdiction establishes its housing element site inventory. These changes include the following:

- Sites must be "available" for residential development and have "realistic and demonstrated" potential for redevelopment;
- Parcels must have sufficient water, sewer and dry utilities or part of a mandatory program to provide such utilities;
- Places restrictions on using nonvacant sites as part of the housing element inventory;
- Places limitations on continuing identification of nonvacant sites and certain vacant sites that have not been approved for housing development; and
- Stipulates that lower-income sites must be between one-half acre and 10 acres in size unless evidence is provided that a smaller or larger site is adequate.

AB 72 (Santiago, Chapter 370, Statutes of 2017) provides HCD new broad authority to find a jurisdiction's housing element out of substantial compliance if it determines that the jurisdiction fails to act in compliance with its housing element and allows HCD to refer violations of law to the attorney general. Specifically, AB 72:

- Requires HCD to review any action or failure to act by a jurisdiction that it determines is "inconsistent" with an adopted housing element or Section 65583, including any failure to implement any program actions included in the housing element;
- Requires HCD to issue written findings to the city as to whether the jurisdiction's action or failure to act complies with the jurisdiction's housing element or Section 65583 and provides no more than 30 days for the jurisdiction to respond to such findings. If HCD finds that the jurisdiction does not comply, then HCD can revoke its findings of compliance until the jurisdiction comes into compliance; and
- Provides that HCD may notify the attorney general that the jurisdiction is in violation of the Housing Accountability Act, Sections 65863, 65915 and 65008.

continued

Related Resources

For additional information and links to related resources, visit www.cacities.org/housing.

Looking Ahead

While it may appear that Gov. Brown and the Legislature made great progress in addressing the housing supply and affordability crisis gripping many regions of the state, the reality is somewhat more mixed. The passage of the 2017 housing package does not signal the end of the policy discussion. Aside from various incentive and funding measures, a portion of the housing package responded to a theme, championed by several advocacy groups and academics, that the local planning and approval process is the major cause of the state currently producing 100,000 units fewer annually than pre-recession levels. From a local government perspective, that assertion is incomplete and inaccurate. Going forward, it is time to dig deeper.

The legislative focus in 2017 lacked an exploration of other economic factors affecting the housing market. The foreclosure crisis resulted in displaced homeowners with damaged credit, widespread investor conversions of foreclosed single-family units into rentals and increasingly stringent lending criteria. Demographic factors may also affect demand as baby boomers with limited retirement savings and increased health-care costs approach retirement age. Younger residents, saddled with student debt, face challenges saving for down payments. Manufacturing and other higher-wage jobs are stagnating and being replaced via automation and conversion to a lower-wage service economy. Fewer skilled construction workers are available after many switched occupations during the recession.

Also missing in 2017 was a deeper examination of how other state policies intended to address legitimate issues affect land availability and the cost of housing. These include laws and policies aimed at limiting sprawl and protecting agricultural, coastal and open-space land from development; and building codes, energy standards, disabled access, wage requirements and other issues.

The funding for affordable housing approved during the 2017 session was certainly welcome — yet given the demand, it falls far short of the resources needed. It is unlikely, however, that cities can expect additional state funding for housing — other than the housing bond on the November ballot — from the Legislature in 2018.

Although many changes were made to the planning and approval process in 2017, local governments are still waiting for the market to fully recover and developers to step forward and propose housing projects at the levels observed prior to the recession. In 2018, a fuller examination by the Legislature is needed to explore the reasons why developers are not proposing projects at the pre-recession levels. Local governments cannot approve housing that is not proposed.

To make continued progress on housing in 2018, legislators should also consider creating more tools for local governments to fund infrastructure and affordable housing. Some legislators have begun discussing the need to restore a more robust redevelopment and affordable housing tool for local agencies, and that is encouraging. Reducing the local vote thresholds for infrastructure and affordable housing investments would also be helpful.

For more information, visit www.cacities.org/housing or contact Jason Rhine, legislative representative; phone: (916) 658-8264; email: jrhine@cacities.org. ■

Acknowledgments

Part I of this document is excerpted and adapted from “Finding Solutions to the Affordable Housing Crisis” by Carolyn Coleman, which appeared in the March 2017 issue of *Western City* magazine, the monthly publication of the League of California Cities online at www.westerncity.com.

Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Regional Housing Element**

Contact: **Alexa Washburn, Vice President of Planning, National Community Renaissance, awashburn@nationalcore.org, (949) 349-7996**

Date: **March 8, 2018**

The purpose of this item is to *provide an introduction to the regional housing element, benefits of a multi-jurisdictional housing element, and potential applications in Western Riverside County.*

Requested Action:

1. Receive and file.

Background

In California it is typical for each city or county to prepare and maintain its own separate general plan and housing element. However, in 2015, Fresno Council of Governments (FCOG) led the preparation of a Multi-Jurisdictional Housing Element for Fresno County and 12 of the County's 15 cities. The idea behind the Multi-Jurisdictional Housing Element was to more effectively address countywide housing issues and needs, to work collaboratively to accommodate the Regional Housing Needs Allocation (RHNA) assigned to the Fresno County region, to maintain a consistent analytical approach and to achieve economies of scale resulting in less staff time, and cost savings to jurisdictions preparing a joint housing element.

The relative lack of California Department of Housing and Community Development (HCD) certified Housing Elements in the FCOG region, combined with the economic and demographic diversity of the member cities, made FCOG an excellent candidate for an innovative and truly multi-jurisdictional Housing Element, where the opportunities and constraints represented by diversity are recognized and integrated into the planning process. FCOG also leveraged HCD-approved data sets, a coordinated outreach and engagement program, a county-wide housing needs assessment, and shared program / policy implementation.

The FCOG Housing Element was tailored to address the unique needs of each jurisdiction, while relying on effective regional policies addressing the jurisdictions' shared issues. This approach allowed a subset of jurisdictions with similar characteristics and planning priorities to join together to develop and implement programs. FCOG jurisdictions were able to collectively meet HCD requirements while realizing the benefits of collaborative planning. The Fresno Multi-Jurisdictional 2015-2023 Housing Element was adopted in 2016 and could be used as a potential model for the WRCOG subregion.

Ms. Washburn will provide an introduction to regional housing elements, including potential benefits and challenges, and facilitate a discussion among Committee members regarding multi-jurisdictional housing elements and potential applications in the WRCOG subregion.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

None.

Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Assistance to Local Jurisdictions on SCAG RTP/SCS Data Review**

Contact: **Christopher Gray, Director of Transportation, cgray@wrcog.us, (951) 405-6710**

Date: **March 8, 2018**

The purpose of this item is to *gather input on the types of assistance local jurisdictions may require to review and validate / revise growth forecasts for the upcoming Southern California Association of Governments (SCAG) Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS).*

Requested Action:

1. Discuss and provide input.

Background

Every four years, SCAG undergoes an update to the RTP/SCS. In preparation for adoption of SCAG's next RTP/SCS in spring 2020, SCAG has been engaging with local jurisdictions, subregions, and other stakeholders to inform development of the upcoming RTP/SCS. This collaborative process will entail four phases, and will be concurrent with the development of SCAG's Regional Housing Needs Assessment (RHNA): (1) Regular Technical Consultation; (2) One-on-One Outreach and Local Input on Planned Growth; (3) Regional Collaboration on Sustainable Communities Scenario Development; and (4) Engagement with the General Public on Potential Options for the SCS. WRCOG is interested in providing assistance to member jurisdictions in reviewing the necessary data for the development of the RTP/SCS in the next few months as the deadline for jurisdictions to provide input is October 1, 2018.

SCAG initiated the one-on-one outreach phase in October 2017 and sent a letter outlining this effort to City Managers and Planning Directors for the 197 jurisdictions in the SCAG region. Moving forward, SCAG will be coordinating with subregions through June 2018 to convene local jurisdictions for one-on-one meetings to review the base datasets that will inform both the RTP/SCS and RHNA. The deadline for jurisdictions to provide input on this information is October 1, 2018. The data and map books SCAG has prepared for each jurisdiction are available on the SCAG website at http://scagrtpscs.net/Pages/DataMapBooks.aspx.

The input process SCAG has initiated helps SCAG solicit input from local jurisdictions on base land use, population, household and employment growth, resource areas, sustainability practices, and local transit-supportive plans and policies to help decision makers understand how the region will perform under current circumstances to reach the forthcoming new GHG emissions reduction targets from CARB. This information will then be used to develop potential scenarios for the 2020 RTP/SCS, through a structured and collaborative engagement with local jurisdictions, County Transportation Commissions, a broad range of stakeholder groups, and the general public. The 2020 RHNA will also be completed concurrently and in coordination with the Bottom-Up Local Input and Envisioning Process. The projection period for the 6th cycle of the RHNA will likely be from year 2022 to 2029, and will be determined by the State Department of Housing and Community Development (HCD).

WRCOG Assistance

WRCOG seeks to offer assistance to member jurisdictions to review SCAG data sets. WRCOG envisions if or when a WRCOG member jurisdiction would like assistance, staff from the member jurisdiction will submit a form that indicates the type of review they are seeking assistance for. WRCOG will then pair the jurisdiction with the appropriate professional staff to carry out the review. Since requests from member jurisdictions will differ, WRCOG has drafted a set of tasks to assist with. WRCOG seeks input from members of the Committee on the tasks to ensure that the list WRCOG will assist with reflect the needs of the member jurisdictions.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

1. DRAFT Jurisdiction socio-economic data (SED) request form.

Item 6.C

Assistance to Local Jurisdictions on SCAG RTP/SCS Data Review

Attachment 1

DRAFT Jurisdiction socio-economic data (SED) request form

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DRAFT RTP/SCS Data Assistance Request Form

To be eligible for assistance, member jurisdictions must be able to help the consultant gather basic information for the application. Please check the boxes below to confirm applicant jurisdiction's ability to fulfill some of the potential requirements:

- [ ] Participate in a kick-off meeting. Provide consultant with existing data.
- [ ] Obtain material on the information checklist to be provided by the consultant.
- [ ] Respond to inquiries from the consultant in a timely manner.
- [ ] Be responsible for communications with SCAG and approval of data when appropriate.

1. SCAG provides jurisdiction-wide data for both an existing (2016) condition and a future (2045) project. Would you like WRCOG assistance in reviewing data for any of the items below?

☐ Existing Population (2016)	☐ Future Population (2045)
☐ Existing Households (2016)	☐ Future Population (2045)
☐ Existing Employment (2016)	☐ Future Employment (2045)

2. Are there specific areas of the City where you would like assistance reviewing?

- [ ] Yes
- [ ] No

Please list specific areas below:

Please note that if you select this option, you may be required to provide additional data to WRCOG's consultants including GIS files, lists of approved projects, and other documents.

3. Are you interested in comparing any of the following against SCAG's previous projections for the 2016 RTP/SCS?

☐ Future Population (2045)
☐ Future Population (2045)
☐ Future Employment (2045)

4. Are you interested in a review of your jurisdictions projected housing demand by type, as compared to the existing housing stock in your jurisdiction?

☐ Yes
☐ No

5. Are you interested in a review of projected employment by sector, as compared to the existing employment within your jurisdiction.

☐ Yes
☐ No

6. Are you interested in a detailed review of your jurisdiction's RHNA allocations?

☐ Yes
☐ No

7. Are you interested in a technical memorandum that you could submit to SCAG summarizing this review?

☐ Yes
☐ No

8. Are you interested in a meeting with WRCOG to debrief on the results of this review?

☐ Yes
☐ No

9. Are you interested in a meeting with your City Manager and/or an elected official to debrief on the results of this review?

☐ Yes
☐ No

10. Are there other items you would like to request WRCOG assistance as it relates to a review of the SCAG SED?

Please list below:

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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Experience Regional Innovation Center Feasibility Analysis Update**

Contact: **Andrea Howard, Senior Analyst, ahoward@wrcog.us, (951) 405-6751**

Date: **March 8, 2018**

The purpose of this item is to *provide an update on the Feasibility Analysis of a potential innovation center, Experience, which would provide a host of community resources, promote sustainable practices and showcase the assets and capabilities of the subregion.*

Requested Action:

1. Receive and file.

Background

Western Riverside County is one of the fastest growing subregions in the State of California and the United States. During past WRCOG visioning efforts, subregional leaders identified six interrelated components critically important to achieving a premier quality of life in Western Riverside County, and incorporated these into the WRCOG Economic Development & Sustainability Framework (the Framework), which serves as a guide to grow strategically and achieve a vibrant and livable community. The six Framework goal areas pertain to: 1) Economic Development; 2) Water and Wastewater; 3) Education; 4) Health; 5) Transportation; and 6) Energy and the Environment.

In 2016, staff introduced the concept of Experience, envisioned as a vibrant regional center with a variety of visitor attractions that could also serve as a sustainability demonstration center, innovation hub, business incubator, and more. The aim of Experience is to showcase the assets and capabilities of inland southern California while serving community needs and advancing the Framework goal areas. Experience would be designed to draw audiences for a variety of purposes by including such elements as an education center, community farm, water efficient garden, walking loop, amphitheater, farm-to-fork café, and other public assets. Once at Experience, visitors would be exposed to best practices in water and energy, emerging technology, employment prospects, and more. Experience would borrow inspiration from similar concepts from across the globe including, but not limited to:

- Los Angeles Cleantech Incubator (LACI) – Los Angeles, CA
- The Frontier Project – Rancho Cucamonga, CA
- Southern California Edison Energy Education Center – Irwindale, CA
- Alegria Farms – Irvine, CA

Feasibility Analysis

On October 2, 2017, the Executive Committee authorized staff to enter into a contract not to exceed $249,823, with PlaceWorks consultants to perform a comprehensive Feasibility Analysis of the Experience concept. The Analysis will include thorough research of relevant models, a demand analysis for the center and program elements, analysis of up-to four potential sites, analysis of governance options and partnership opportunities, financial analysis, and a final Feasibility Analysis with recommendation(s). Additionally, the Analysis would review potential funding partners and mechanisms to ensure a viable implementation plan for Experience, should it be feasible.

Staff and consultants held an Analysis kick-off meeting on October 16, 2017, to discuss the goals and visions, as well as potential sites to include in the Analysis, and the formation of an advisory Steering Committee. The Steering Committee is scheduled to convene six times during the course of the Analysis to weigh in on the process and findings through July 2018, when the Analysis is scheduled to conclude. The Steering Committee is composed of members from the Executive Committee, who volunteered to serve in this role, in response to an email solicitation to all members. Additionally, staff invited a variety of stakeholders, including member agency staff, utilities representatives, and university representatives, to participate on the Steering Committee.

Steering Committee Meeting #1

On Monday, January 22, 2018, the Steering Committee convened its first meeting. The meeting began with an introduction to the Experience concept and review of some of the relevant models for an idea of the variety of programming features others have instituted in the areas of education, community services, research, and economic development. Attendees then engaged in a discussion of the goals for Experience, building from the list staff and consultants drafted at the kick-off meeting. Meeting notes are included as Attachment 1 to this report.

Steering Committee Meeting #2

The second Experience Steering Committee convened on Monday, February 26, 2018, in Rancho Cucamonga. Three presenters from regional models shared their experiences from the Lyle Center at Cal Poly Pomona, the Los Angeles Cleantech Incubator, and the Cucamonga Valley Water District's Frontier Project. Attendees asked the presenters questions to identify relevant lessons to apply to Experience. Meeting notes and presentation slides are included as Attachments 2 and 3, respectively, to this report.

Steering Committee Meeting Schedule

The Steering Committee will convene next on February 26, 2018, for a question and answer session with staff from some of the relevant model sites: the Lyle Center, The Frontier Project, and Los Angeles Cleantech Incubator. Following the meeting, there will be an optional tour of the Frontier Project in Rancho Cucamonga. The list below summarizes the topics and provides dates for each of the remaining Steering Committee meetings.

March 19, 2018:	Meeting #3, Selection of Program Elements for Analysis
May 21, 2018:	Meeting #4, Site assessment and demand analysis
June 18, 2018:	Meeting #5, Alternative governance, operations, and partnerships
July 23, 2018:	Meeting #6, Final recommendations

Staff will provide regular updates to WRCOG Committees for the duration of the Analysis.

Prior Action:

February 14, 2018: The Administration & Finance Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachments:

1. Steering Committee Meeting #1 Notes.
2. Steering Committee Meeting #2 Notes.

Item 6.D
Experience Regional Innovation Center Feasibility Analysis Update

Attachment 1
Steering Committee Meeting #1 Notes

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Feasibility Study for EXPERIENCE - A Regional Innovation Center

Steering Committee Meeting #1 Summary
January 22, 2018 | 11:00 AM - 1:00 PM

Project Contact: Andrea Howard, Senior Analyst, ahoward@wrcog.us, (951) 405-6751

Steering Committee:
Executive Committee Members: Debbie Franklin, City of Banning; Adam Rush, City of Eastvale; Laura Roughton, City of Jurupa Valley; Kelly Seyarto, City of Murrieta; Rusty Bailey, City of Riverside; Kevin Bash, City of Norco; Dr. White, Riverside County Superintendent of Schools

Member Agency Staff: Grace Williams, City of Perris; Lea Deesing, City of Riverside; Sherry Shimoshock, City of Riverside; Matt Peters, City of Temecula; Jolene Walsh, Eastern Municipal Water District (EMWD); Danielle Coates, EMWD; Melanie EMWD
Regional Stakeholders: Joanna Chang, Southern California Edison; Jeff Lawler, Southern California Gas Company (SoCalGas); Ana Aceves, SoCalGas; Alexandra Orozco, University of California, Riverside (UCR); Nicole Davis, UCR

Staff and Consultants: Rick Bishop, WRCOG; Jennifer Ward, WRCOG; Tyler Masters, WRCOG; Andrea Howard, WRCOG; Cynthia Mejia, WRCOG; Amber Bolden, WRCOG; Huyen Bui, WRCOG; Alexa Washburn, National CORE; Karen Gulley, PlaceWorks; Scott Ashlock, PlaceWorks; Eric Carbonnier, HMC Architects

Experience - Origin and Current Ideas:
In 2010, WRCOG adopted the Sustainability Framework, which recognized six interrelated goal areas for achieving a high quality of life and regional economic growth: transportation, water and waste water, energy and environment, economic development, health, and education. The concept of Experience is a physical manifestation of the Framework that would contain various elements that advance the Framework Goals.

To achieve this goal, WRCOG envisions that Experience would draw audiences for a variety of purposes by including such elements as an education center, community farm, water efficient garden, walking loop, amphitheater, farm-to-fork café, and other public assets. Once at Experience, visitors would be exposed to best practices in water and energy, emerging technology, employment prospects, and more.

Purpose of this Study - Future Path for EXPERIENCE:
On October 2, 2017, WRCOG's Executive Committee approved a contract with PlaceWorks consultants to perform a Feasibility Analysis (the Analysis). The Analysis will explore the viability of bringing Experience to Western Riverside County. The analysis will begin with a review of relevant models to identify the program elements that would be desired for Experience. PlaceWorks will perform an opportunity and constraints analysis of the potential host sites and develop a demand analysis for the center and develop a set of options for the potential governance structure. Finally, the analysis components will be assessed together to determine overall feasibility.

Role of the Steering Committee:
The Steering Committee will provide valuable insights and feedback at each step of the Analysis. The meetings have been strategically scheduled to coincide with major milestones, and participants will be encouraged to provide valuable information to shape the direction and conclusion of the Analysis.

Timeline:
The Analysis will span ten months, beginning in October 2017 and concluding in July 2018. The full timeline is listed in the Meeting 1 Presentation slides.

Background on Other Relevant Models:
PlaceWorks presented several relevant models, providing a spectrum of ideas for potential elements to include in the Experience analysis, from examples across the County. These relevant models are listed in the Table of Relevant Models. Three of the models were also featured in a short compilation video played during the meeting, which can be viewed here.

Goal Setting by the Committee:
Initial working goals for Experience were shared with the Committee as a starting point for discussion. Over the course of an hour, members provided a variety of ideas and desires for what EXPERIENCE could be and how it could function. Below are the Initial Working Goals with comments incorporated, followed by a summary of the additional goals born from the discussion.

Initial Working Goals: EXPERIENCE should…
1. Benefit all WRCOG organizations and the communities served
2. Be tied to WRCOG's mission
3. Support WRCOG's Economic Development and Sustainability Framework
4. Not resemble a monument, but a place that engages, educates and motivates people
5. Be relevant to what's important to the region – a sustained public benefit
6. Be financially feasible from construction to operations and maintenance overtime
7. Have a high-level of performance for program elements and the facilities, which should be tracked and evaluated
8. Provide multiple reasons to visit through a wide variety of cohesive activities that result in returning visitors
9. Be innovative, cutting-edge, and provide a rotation of forward-thinking displays, events, and activities
10. Incorporate best practices for water and energy efficiency, sustainable building design, and business strategy
11. Empower the community to adopt techniques/take action

12. Provide visitors with a unique experience that encapsulates the region
13. Be embraced by both the public and private sector – encouraging partnerships and collaboration

Committee Discussion: EXPERIENCE should…

1. Provide economic development opportunities for individuals and businesses
    - Prepare people for jobs in the subregion
    - Be attractive to businesses (to locate there or partner with)
    - Be a central place to access information/resources (for companies considering moving to Riverside or for start-up companies)
2. Not be a Monument
    - It should not just showcase what WRCOG has done
    - It must be relevant over time
    - The building design should reflect the energy/resource conserving technologies and tell a story (function over form)
3. Be accessible by all modes of transportation (e.g., car, bus, train, pedestrians, cyclists) and all segments of the population (low income, rural/urban, non-English speaking, multiple ages, etc.)
4. Tell the story of Western Riverside County by showcasing the region's current assets/successes. This should also include promoting the vision for Western Riverside County through visual simulations or other techniques.
    - Showcase uniqueness of region (what it has to offer) and tap into international opportunities to showcase (sister-cities)
    - Include futuristic "look" at trends Riverside County will likely experience, how these trends may change the region, and how we can prepare
    - Incorporate museum features w/revolving exhibits – see Catalina Island
    - Include space for each jurisdiction/partner to have exhibit
    - Promote region – every nook should tell a story
    - Showcase best practices that the region wants to see happen w/ new development
    - Paint the story of sustainability in Riverside County – for new businesses
    - Have a way to bring in new partners
    - Share success stories – WRCOG and others, showcase start-ups
    - Riverside County is a series of PLACES – tie them together with the EXPERIENCE concept
5. Compliment UC Riverside and Cal Poly Pomona sustainability and regenerative studies research (agricultural living labs, solar/micro grids)
6. Be accessible to everyone in the community – be affordable and open to the public
7. Accommodate large and small audiences
8. Provide interactive educational opportunities for all ages
    - Tactile
    - Education for children
    - SoCalGas – see demo in Downey: education on kitchen technology
    - "Inspiration center" – youth (tech playground), improve on Discovery Science Center model
    - Experience Water, Experience Health, Experience Education, etc. – based on Framework plan, could be located throughout

- See Discovery Cube – Sylmar

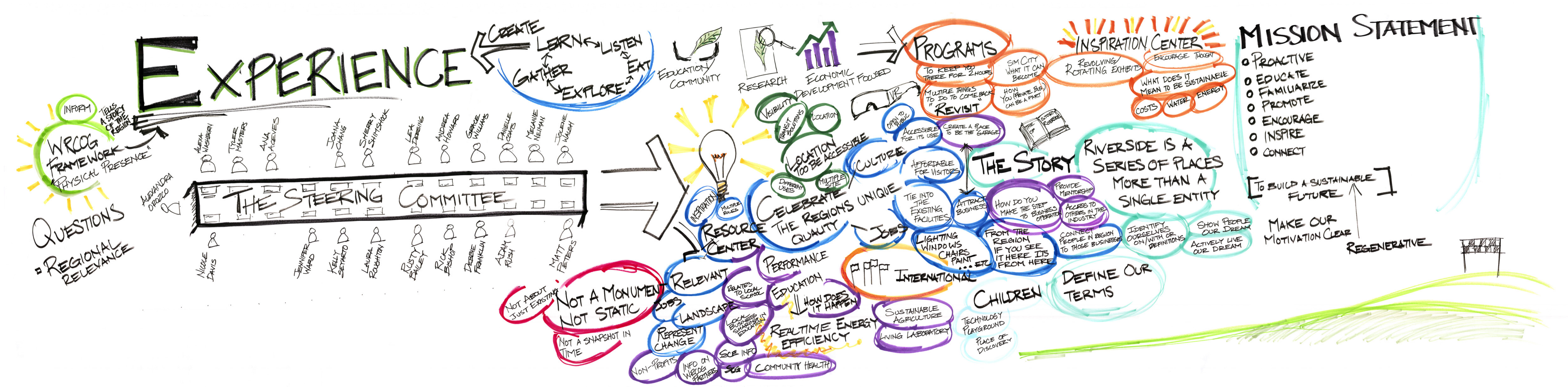
9. Serve as a centralized resource and information center for the region
    - Central place for accessing information – utility rebates, info on WRCOG partners, non-profit groups, community health, start-up companies, resource center
    - Include liaison services – permitting, accounting, legal

Committee Input on the Mission for EXPERIENCE:

Following a thorough discussion of goals, attendees were introduced to four mission statements from relevant models to initiate a first discussion on establishing a mission for Experience. Below is a summary of the discussion.

1. To build a regenerative future, EXPERIENCE must:
    - Be Proactive
    - Educate
    - Familiarize
    - Promote
    - Encourage
    - Inspire
    - Connect
2. Make our motivation clear

Graphic Meeting Recording



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Item 6.D

Experience Regional Innovation Center Feasibility Analysis Update

Attachment 2

Steering Committee Meeting #2 Notes

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Feasibility Study for EXPERIENCE - A Regional Innovation Center

Steering Committee Meeting #2 Summary
February 26, 2018 | 10:30 AM – 1:00 PM

Project Contact: Andrea Howard, Senior Analyst, ahoward@wrcog.us, (951) 405-6751

Steering Committee:
Executive Committee Members: Debbie Franklin, City of Banning; Adam Rush, City of Eastvale; Laura Roughton, City of Jurupa Valley; Kelly Seyarto, City of Murrieta; Rusty Bailey, City of Riverside; Kevin Bash, City of Norco; Ron Sullivan, Eastern Municipal Water District; Dr. White, Riverside County Superintendent of Schools

Member Agency Staff: Clara Miramontes, City of Perris; Grace Williams, City of Perris; Lea Deesing, City of Riverside; Sherry Shimoshock, City of Riverside; Luke Watson, City of Temeulca; Matt Peters, City of Temecula; Jolene Walsh, Eastern Municipal Water District (EMWD); Danielle Coates, EMWD; Melanie EMWD

Regional Stakeholders: Joanna Chang, Southern California Edison; Jeff Lawler, Southern California Gas Company (SoCalGas); Ana Aceves, SoCalGas; Jennifer Vaugn, SoCalGas; Alexandra Orozco, University of California, Riverside (UCR); Nicole Davis, UCR

Staff and Consultants: Rick Bishop, WRCOG; Jennifer Ward, WRCOG; Andrea Howard, WRCOG; Huyen Bui, WRCOG; Alexa Washburn, National CORE; Karen Gulley, PlaceWorks; Eric Carbonnier, HMC Architects

Advisors: Dr. Kyle Brown, Lyle Center for Regenerative Studies; Mike Swords, Los Angeles Cleantech Incubator (LACI); Kristeen Farlow, Frontier Project

Experience – Concept and Origin:
WRCOG envisions that Experience would draw audiences for a variety of purposes by including such elements as an education center, community farm, water efficient garden, walking loop, amphitheater, farm-to-fork café, and other public assets. Once at Experience, visitors would be exposed to best practices in water and energy, emerging technology, employment prospects, and more.

In 2010, WRCOG adopted the Sustainability Framework, which recognized six interrelated goal areas for achieving a high quality of life and regional economic growth: transportation, water and waste water, energy and environment, economic development, health, and education. Experience would be a physical space to explore and grow the subregion's work to advance the Framework Goals.

Purpose of this Study - Future Path for Experience:
On October 2, 2017, WRCOG's Executive Committee approved a contract with PlaceWorks consultants to perform a Feasibility Analysis (the Analysis). The Analysis will explore the viability of bringing Experience to Western Riverside County, by refining the projects goals and conducting a review of relevant models to identify the program elements that would be desired for Experience, performing an opportunities and constrains analysis of the potential host sites, developing a demand analysis for the center and a set of options for the potential governance structure, and finally, assessing the analysis components together to determine overall feasibility.

Role of the Steering Committee:
The Steering Committee will provide valuable insights and feedback at each step of the Analysis. The meetings have been strategically scheduled to coincide with major milestones, and participants will be encouraged to provide valuable information to shape the direction and conclusion of the Analysis.

Timeline:
The Analysis will span ten months, beginning in October 2017 and concluding in July 2018. The full timeline is listed in the Meeting 1 Presentation slides.

Meeting #1 Review:
The Steering Committee met for the first time on January 22, 2017. At the meeting, attendees received a thorough introduction to the Experience concept; learned of relevant models across the globe, from which Experience could draw inspiration and knowledge; discussed goals for Experience. Among the goals discussed, attendees expressed that Experience should by synergistic with WRCOG and the surrounding community (including k-12 education, colleges and universities, and businesses); Experience should provide region-wide economic and social benefits, and spur economic growth, especially by fostering economic opportunity; and Experience should tell the story of Western Riverside County—what the subregion has to offer and where it going. Finally, the Committee initiated a discussion to draft the Mission for Experience.

Model Site Representative Presentations:
Representatives from three Southern California models: the Lyle Center for Regenerative Studies at Cal Poly Pomona, the Los Angeles Cleantech Incubator (LACI), and the Cucamonga Valley Water Districts' Frontier Project, presented an overview of their programs and fielded questions from attendees regarding logistics and operations.

These models provided a good sampling of the diversity that exists among these centers. The Lyle Center was an early example of sustainable development and living, modeling practices which later informed the LEED certification process. It is built on a 16-acre campus at Cal Poly Pomona and is an affiliate of the University, designed with the mission to make a "collective impact toward a sustainable future." The Lyle Center meets its goals largely through student and faculty driven work to provide education and demonstrations, perform research, and conduct community outreach. The Center receives approximately 57% of the $550,000 annual operating expense from State allocation, and the remaining 43% from grants, endowment, and individual donations.

LACI is an entrepreneurial incubator located at the cutting-edge, 60,000 square foot La Kretz Innovation Campus, owned by Los Angeles Department of Water and Power (LADWP). LACI is an independent nonprofit born out of a Public Private Partnership with the City of LA and LADWP. It operates under the mission to create an inclusive green economy for the City and LA region. Since 2011, LACI has served more than 70 start-ups, created more than 2,000 jobs, generated $214 M in revenue and generated $335 M in economic benefit for the City.

The Frontier Project was developed out of a need for the CVWD for more office space and a desire to create an additional space to demonstrate water efficient best practices to the community by creating a regional destination. Opened in 2009, the 14,000 square foot building has office space, a technology gallery, conference space, demonstration kitchen, green roof, landscape demonstration, and is LEED Platinum. The Frontier project hosts regular meetings and events and is home to the Water Works Association.

Of particular note, the speakers provided these insights:

- Given the chance to change the course of development for the Lyle Center, Dr. Brown reported that he would give greater focus to areas where a significant impact could be made. . In recent years they have shifted their focus on working with the community, particularly Pomona Unified.
- Dr. Brown also noted the challenges of being a part of the university: 1) grants received have to flow through various departments which adds an additional layer or bureaucracy; and 2) they struggle to be entrepreneurial.
- Representatives from both LACI and the Frontier project reported that their event and meeting spaces, and LACI's co-working space cannot accommodate the demand they see in terms of physical size. They recommended capacity somewhere between 300 – 400 people.
- Mr. Swords shared that while the La Kretz Innovation Campus is a significant asset, the majority of the entrepreneurs they host report that the greatest benefit of working with LACI is the opportunity to work with the Executives in Residence. Additionally, Mike shared that prior to the opening of La Kretz, LACI operated as an incubator for four years and was named the #3 incubator in the world according to University Business Incubators, emphasizing that the programming drove the success of LACI.
- Mr. Swords also noted that the success of LACI was in part a function of strategic partnerships with the Mayor's Office, County Office, LA Department of Water & Power (LADWP), State of California, Federal Government, Port of Los Angeles, Metro, Metropolitan Water District (MWD), Southern California Edison (SCE), Financial institutions (JP Morgan, Wells Fargo), and Universities (UCLA, USC, Caltech, Cal State Northridge), JPL, Los Angeles County Economic Development Corporation (LAEDC), LA Chamber of Commerce, LA Business Council (LABC), and Industry partners.
- In contrast, Ms. Farlow shared that the Frontier Project struggled to meet its funding targets because it did not have a clearly defined mission and purpose at its onset, while it set-out to be an educational resource, that was not specific and compelling enough to attract supporters.

- Representative from each Center noted staff size: The Lyle Center has a staff of 3 not including faculty, LACI 30, and Frontier 1. This is relevant in relationship to regional impact and Center success.
- All three speakers acknowledged the challenge of any building or grounds staying relevant in terms of the demonstration technology being displayed. The advice from LACI was to have a broader mission, such as inventing and building hardware which by definition adapts overtime. Dr. Brown noted that the Lyle Center was built on the principles of regeneration, not on solutions, and therefore is more timeless.

The meeting slides, including speaker slides, are included as an attachment to this summary.

Feasibility Study for EXPERIENCE – A Regional Innovation Center

Steering Committee Meeting #2

February 26, 2018

Today’s Agenda

- Introduction to EXPERIENCE
- Speaker Presentations and Q&A
  - Dr. Brown - Lyle Center
  - Mike Swords - LACI
  - Kristeen Farlow - Frontier
- Open Forum
- Concluding Remarks
- Frontier Project Tour

EXPERIENCE Steering Committee Meeting #1

Yesterday: Sustainability Framework

Today: The "EXPERIENCE" Concept

A Regional Innovation Center

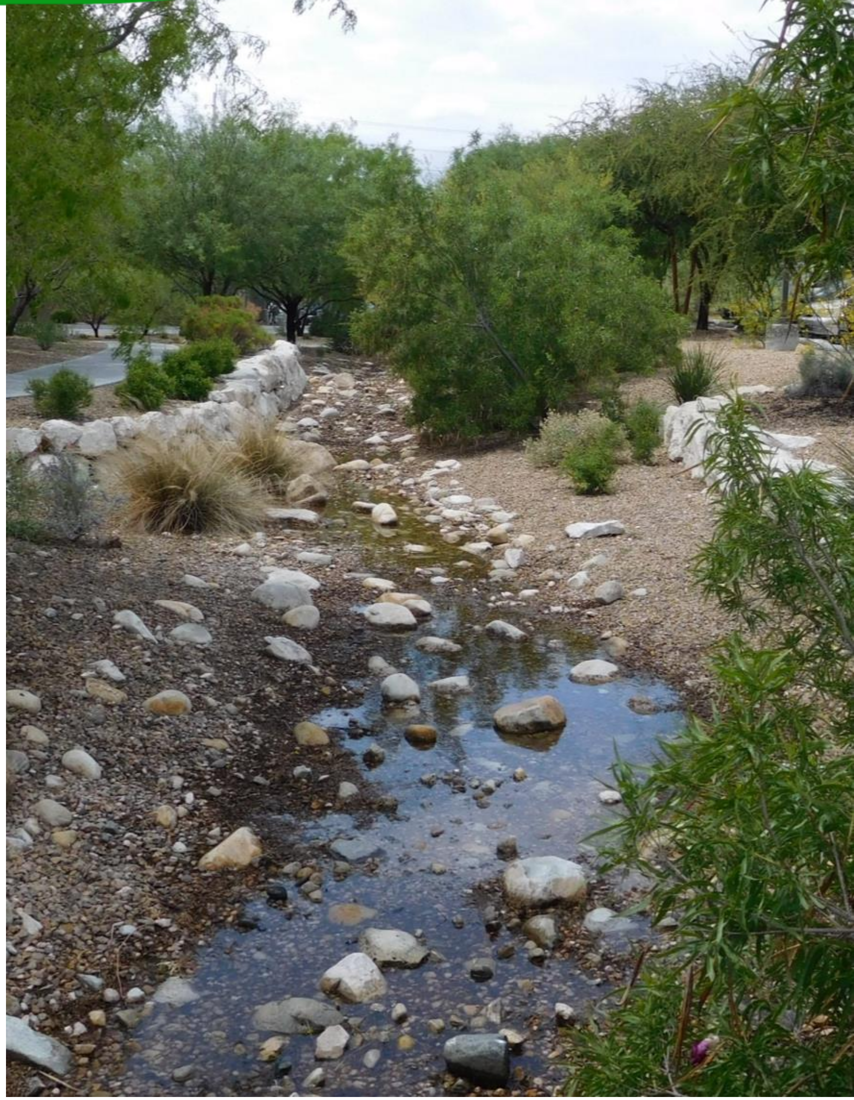
Purpose of the Study

- Define mission/goals of EXPERIENCE
- Conceptually define program and building elements
- Evaluate feasibility based on four alternative sites
- Identify potential financing and partnership arrangements

Los Angeles Cleantech Incubator – Partners with LADWP

Role of the Steering Committee

- Provide input, ideas, and feedback to team
- Meeting #1 – Learn about other “centers” and establish goals for EXPERIENCE
- Meeting #2 – Q&A with other operators
- Meeting #3 – Select program elements to evaluate
- Meeting #4 – Site assessment and demand analysis
- Meeting #5 – Alternative governance, operations, and partnerships
- Meeting #6 – Final recommendations



The Springs Preserve – Creek Restoration


EXPERIENCE
TST MEETING
Nicole Davis

Speaker Presentations and Q&A

Lyle Center for Regenerative Studies

Los Angeles Cleantech Incubator (LACI)

Frontier Project

Kyle D. Brown, Ph.D., ASLA
Lyle Center for Regenerative Studies


A Collective Impact Toward a Sustainable Future Since 1994

LYLE CENTER
for Regenerative Studies

Pillars of Lyle Center Mission

- Education
- Research
- Demonstration
- Outreach


CAL POLY POMONA
CAL POLY POMONA
CLASS OF 2016
CLASS OF 2016


480


¿Donde estan los
ANIMALES
SAVLAJES
en
Westmont?
Where are the
WILD ANIMALS
in
Westmont?

A Collective Impact Toward a Sustainable Future Since 1994

LYLE CENTER
for Regenerative Studies

CAL POLY POMONA

Mike Swords, VP Government Relations

Los Angeles Cleantech Incubator (LACI)

OUR MISSION

LACI is creating an inclusive, green economy

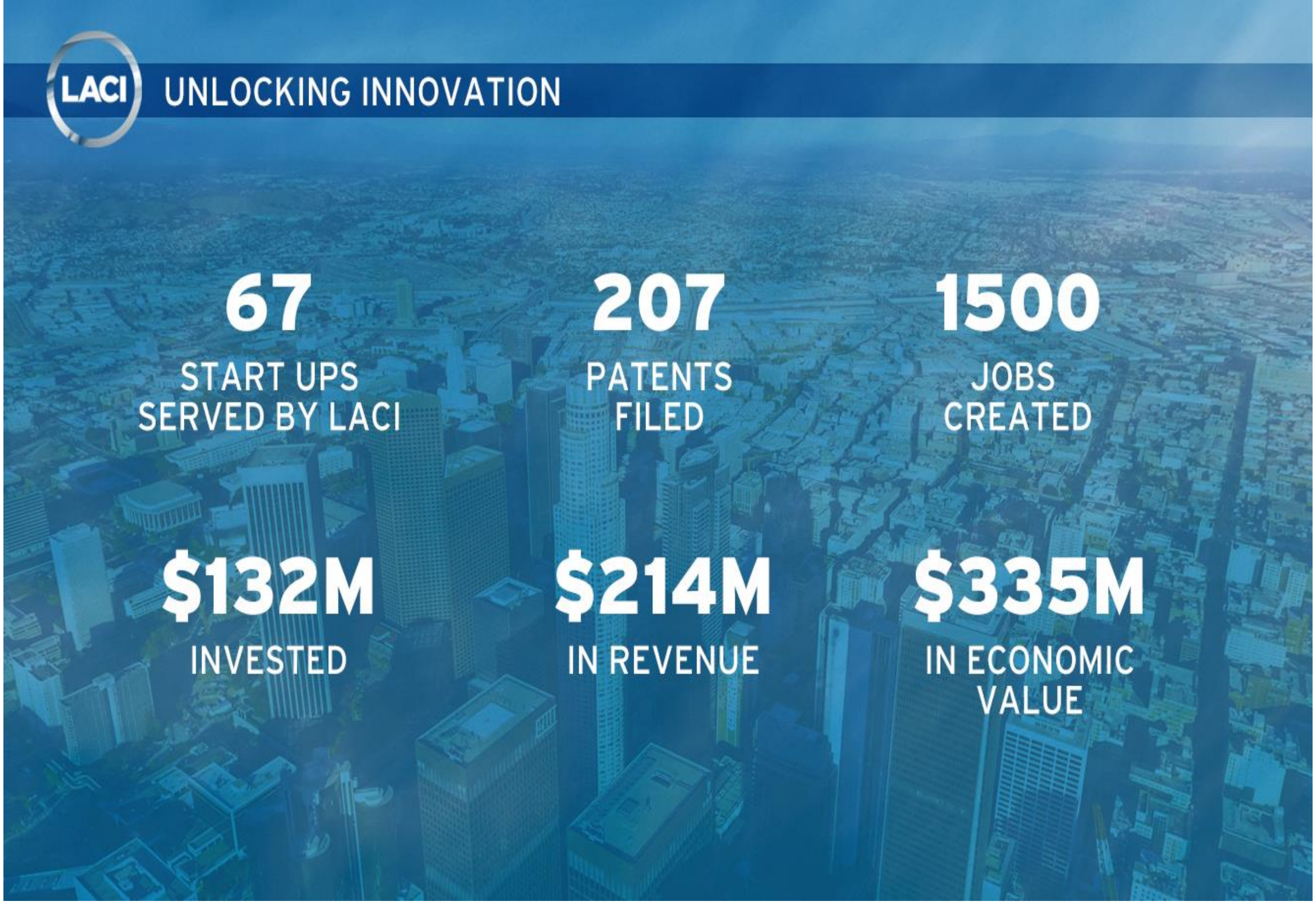
OUR STRATEGY

UNLOCKING INNOVATION

TRANSFORMING MARKETS

ENHANCING COMMUNITY


LACI
OUR PRIORITY AREAS
MOBILITY & GOODS MOVEMENT
CLEAN ENERGY SMART GRID
SMART CITIES
TO POSITIVELY IMPACT LA'S...
GHG EMISSIONS
AIR QUALITY AND EQUITY
JOBS & ECONOMY


LACI
UNLOCKING INNOVATION
67
START UPS
SERVED BY LACI
207
PATENTS
FILED
1500
JOBS
CREATED
$132M
INVESTED
$214M
IN REVENUE
$335M
IN ECONOMIC
VALUE

History

- PPP Founded by City of LA in October 2011
- City’s primary objective: To revitalize industrial core through the creation of a cleantech cluster = “Cleantech Corridor”
- Independent non-profit, run by entrepreneurs, partnering w/LADWP and the City of Los Angeles
- La Kretz Innovation Campus: 60,000sf (30,000 for LACI + 30,000 for labs/demonstration space/prototyping space + LADWP owned

Key Stakeholders

- City of LA Mayor's Office
- LA Department of Water & Power (LADWP)
- UCLA, USC, Caltech, JPL, Cal State Northridge (CSUN)
- Los Angeles County Economic Development Corporation (LAEDC), LA Chamber of Commerce, LA Business Council (LABC)
- Los Angeles County
- State of California
- Federal Government
- Port of Los Angeles, Metro, Metropolitan Water District (MWD), Southern California Edison (SCE)
- Industry partners
- Financial institutions (JP Morgan, Wells Fargo)

Sources of Funding

- City funding
- State funding
- Federal funding
- Corporate sponsorship
- Contract for hire
- Philanthropy
- Events
- Tenant fees
- Equity stake in companies

Examples of Clean Technologies in the LACI Portfolio

- Energy efficiency
- Energy storage
- Home energy management
- Online solar marketplace
- Efficient lighting
- Advanced transportation
- Goods movement
- Water leak detection
- Electronic waste recycling
- Sustainable consumer goods
- Controlled environment agriculture

THE LA KRETZ INNOVATION CAMPUS

60,000 Sq. ft. – Incubator, Labs, Prototyping, Learning

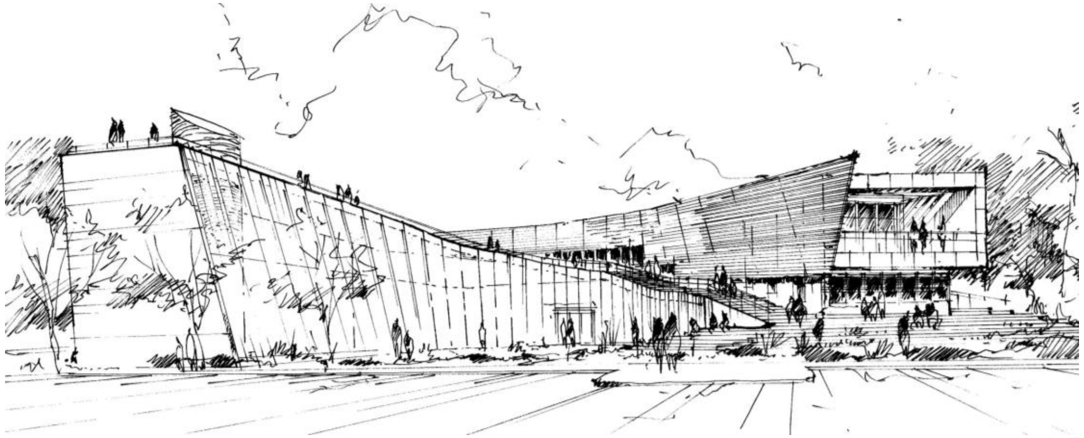
La Kretz Innovation Campus

- 3.2 acre footprint
- 60,000sf under roof / 30,000sf for LACI
- LACI = 230 desks/100+ companies/organizations
- 3D print shop, water jet, robotics lab, wet lab, welding shop, electronics lab, energy efficiency lab
- Training center (40 & 32 person classrooms)
- Transportation hub
- Building will house a micro-grid/180KW solar farm, one of a kind, UV grey water system
- LADWP testing and certification lab
- Smart Home demonstration area

Partners

Kristeen Farlow, MPA - Communications & Outreach Manager

Frontier Project



Frontier Project Background and History

- Regional growth provided opportunities for demonstration
  - Need for office space for staff
  - Desire to demonstrate water efficiency to the community
- Create a destination in the region
- Cucamonga Valley Water District established a non-profit foundation to lead the development

the Frontier Project

- Opened Nov. 7, 2009
- A 14,000 square foot building on a one-acre site
- Demonstration landscapes
- Office space, technology gallery, conference facilities, demonstration kitchen, green roof
- LEED® Platinum from U.S. Green Building Council

Educational Resource Center

- Meeting spot for regional training in water, electricity, and sustainable design.
- Connection to local colleges and universities.
- Connection to high school students.
- Landscape Demonstrations.
- Low-water use examples of appliances and fixtures.
- Residential trainings, special events, and tours.
- Over 10,000 visitors in the first year!

Ongoing programming

- Tours
- Annual Earth Day Celebration
- Monthly Southern California Edison Workshops
- Weekly American Water Works Association Workshops
- CVWD Workshops and Classes
- Other regional classes and trainings
- Corporate partners and sponsors

Open Forum

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